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INPUT

Federal Newsletter

A Publication from INPUT's Federal Procurement Analysis Reports Service

Vol. V, No. 1 January 1997

Changing the Procurement Process

Researcher's Corner

by Andrew Sung

It has been well documented that the federal procurement process is slow and cumbersome. Recently there have been many changes to this process, through the Federal Acquisition Streamlining Act (FASA) and other legislative acts, that seek to streamline acquisitions. Two agencies have taken bolder steps to streamline the process of acquiring ADP systems and services. The Department of Commerce developed a new procurement process called "Concept of Operations" (ConOps) as of June 1996, under which several programs are being procured as pilots.

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Similarly, the Federal Aviation Administration (FAA) has also developed its own procurement process.

Within the Department of Commerce, there are two agencies running pilot procurements under ConOps: the Patent and Trademark Office (PTO) and the Bureau of the Census. Under ConOps these agencies are issuing Project Agreements (PA) in place of RFPs. Responses to the PA take the form of technical proposals which are due generally 30 days after the release of the PA. The agency then selects the best 5 to 10 solutions, and issues a Statement of Need (SON) to the selected vendors. Each vendor's response to the SON represents a cost proposal or BAFO for the proposed technical solution. Responses to the SON are due approximately 15 days after the SON is released. The Contracting Office then awards the contract(s) to the vendor(s) whose solution(s) offers the best value to the government.

The first two acquisitions completed under ConOps were the "Laptop Computer Project" out of the Bureau of the Census, and "Information Research and Facilities Services (IRFS) Project" out of the Patent and Trademark Office. For both of these acquisitions, the PA was released in mid to late June 1996 and awarded in early to mid October 1996, without protest. From release

of the specifications to the award, these two programs took approximately four months to award. Although this is based on only two programs, the programs completed thus far under the ConOps approach have taken approximately five fewer months to procure than programs procured in the past under more traditional procedures. Since these first programs, Commerce has initiated other pilot procurements under the ConOps process. These Project Agreements were released in August and September 1996 and awards are expected to follow in January 1997.

Unlike the Department of Commerce, the Federal Aviation Administration (FAA) has been exempted from the FAR by Congress. It has been argued by many that the procurement process under the FAR was adversely affecting the FAA's ability to acquire and update air traffic control systems. In order for the FAA to assure the safety of the nation's airways, Congress exempted the FAA from federal procurement regulations in April 1996. The FAA hopes that by instituting new procurement procedures, it can streamline its acquisition process and have modern, up-to-date systems in place in a reasonable amount of time.

Under the FAA's new procurement process, called the Federal Aviation Administration Acquisition Management System (FAAAMS), a Screening Information Request (SIR) is released instead of an RFP. Similar to the Commerce Department's Project Agreements, the SIR outlines the agency's requirements. Responses to a SIR are due approximately 30 days after the SIR's release. These responses take the form of technical solutions to the requirements. The FAA then selects a group of solutions it feels satisfy the requirements best. It issues a second SIR to those "qualified" bidders. Responses to the second SIR, in the form of cost proposals or BAFOs, are due about 10 to 15 days following the release of the second SIR. Once the cost proposals are submitted, the agency reviews the proposals and awards the contract(s) to the solution(s) that provide the greatest value to the government.

The FAA has awarded one competitive non-commercial procurement through this process. This opportunity was the "FIP Support Services" procurement for the Technical Center in Atlantic City, NJ. This procurement had initially released an RFP in February 1996, which was later rescinded. The initial SIR was released in mid June 1996, with the award following in late September 1996. The FAA also awarded the "STARS" procurement 6 months from the release of the RFP to award, through a down-select process which was very similar to the new procurement process. The FAA has many other procurement opportunities in various stages of the acquisition process following the FAAAMS procedures.

Compared to Commerce, the FAA has been slower in awarding contracts under its new acquisition process. However, the FAA has awarded several sole source contracts and canceled and consolidated many others in favor of using other contracts as procurement vehicles to satisfy its requirements. The FAA also has had to revamp its entire acquisition system, whereas Commerce has selected only a few pilot opportunities in which to try its new procurement process. Even if the FAA has not had the success that the Commerce Department seems to have had, both these new procurement processes seem to be accomplishing the goals they set out to achieve. However, a few more months and a few more awards by each of these agencies will provide a more telling picture of the success of these procedures. If the success continues, we may soon see other agencies undertaking similar acquisition procedures.

Additional information regarding the Department of Commerce's ConOps and its pilot procurements, is available on the Internet at "http://www.conops.doc.gov/." Information pertaining to the FAA's contracting opportunities and procurement procedures can be found at "http://www.faa.gov/asu/cd/cdco.htm".

INPUT Notes

Federal Telecommunications Market, 1996-2001

INPUT is pleased to announce the release of its Federal Telecommunications Market Report. The report analyzes the federal market for telecommunications systems and services and forecasts market trends for 1996-2001.

This report is also available for purchase on an individual basis by calling Jeremiah Cunningham at INPUT, (703) 847-6870.

Reports and Profiles

Federal Financial Management Systems Market 1996-2001
Federal Wireless Technology Market 1995-2000
Federal Imaging Market, 1996-2001
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Labor, HUD.....March

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USDA, October 1996
Air Force, November 1996
HHS, November 1996
Navy, December 1996
Education, December 1996

December Procurement Highlights

Agency for International Development

NMS VIII-26-003

The current contract for Management System Support Services, held by Mantech, is expected to expire in September 1997. INPUT anticipates an RFP release for the recompete in January 1997 with an award to follow by September in order to ensure continuity of service.

Agriculture

ARMS VI-05-057

The Automated Records Management System procurement has been canceled. All requirements will be satisfied by each individual agency.

Air Force

DATABASES FOR THE 21ST CEN. V-01-280

An award was made to Litton/PRC in December 1996. The award has an estimated value of $46 million.

Army

CORP. GIS DB MGT. SVCS. V-02-194

The RFP for this opportunity is expected to be released in mid-January 1997. Bids will be due in early March 1997 with an award to follow in September.

Defense

PHASE V STD. BASE LEVEL COMPUTERV-04G-067

The program office anticipates an RFP release for this program in January 1997. INPUT anticipates an award by September 1997 in order to ensure continuity of service.

HFSS V-04B-015

The Hierarchical File Storage System contract was awarded to A&T Systems Inc. on December 11, 1996. The contract has an estimated value of $642,530.

Executive Office of the President

FACILITIES MGT. SVCS. VIII-33-003

The current contract with PRC expires in September 1997. The contracting office expects the procurement process for the recompete to begin in January 1997.

Health and Human Services

FEDCAC 109 VII-08-115

The release of the RFP for the CERTAN Distributed Resources program is expected in February 1997. The contracting office hopes to make an award in June 1997.

LAN/PC SUPPORT VII-08-131

The contracting office awarded this opportunity to Hi-Tech International on November 29, 1996. The contract has an estimated value of $3.7 million over its 5 year duration.

Justice

QUALITY ASSURANCE VII-10-110

The Quality Assurance for Litigation Support Services contract was awarded to Cen Corp on December 10, 1996. The contract has an estimated value of $10 million.

NASA

AIRCRAFT MGT. INFO. SYS. SW VIII-15-176

The contracting office expects an RFI release for the Aircraft Management Information System Software procurement in January 1997. Comments will be due in February with a Final RFP release in March 1997.

Navy

ENG. AND TECH SUPPT. V-03-293

The RFP for this opportunity was released on November 22, 1996. Amendment #1 of the RFP postponed the bid due date from January 9, 1997 to January 31, 1997. INPUT expects an award in March 1997.

Postal Service

NATIONWIDE WIRELESS VIII-31-020

The contracting office released the RFP for the Nationwide Wireless Cellular Data Communications Service program on December 10, 1996. Bids are currently due on January 30, 1997. An award is expected to follow in May 1997.

Transportation

FIPSS VII-11-102

The contracting office awarded the Federal Information Processing Support Services contract to Maden Tech on December 10, 1996. The contract has an estimated value of $8.4 million.

Treasury

ASSETS INFO. MGT. SYSTEM VII-12-129

This opportunity has been protested. The contracting office currently expects a resolution by late January 1997.

INC DOCUMENT READER VII-12-093

Comments on the Draft RFP for this opportunity were due on August 23, 1996. The contracting office is currently in the process of preparing the RFP. A January 1997 release is planned.

TDA III VII-12-133

INPUT anticipates an RFP release in January 1997 for the Treasury Department Acquisition III. A June 1997 award will ensure continuity of service from the current contract.

Recent Library Acquisitions

Department: Air Force
Document Type: Contract & Modifications
INPUT Reference #: 32020.072
Contractor: Kaman Sciences Corp.
Contract #: FO560392C0007

Department: Army
RFP #: DASW0197R0009
Document Type: RFP
INPUT Reference #: 02199.30

Department: Army
Document Title: WARSIM 2000 Intelligence Module (WIM)
RFP #: DAAH0196RA102
Document Type: DRFP
INPUT Reference #: 02199.31

Department: Army
Document Title: FIP Functional Support Services
RFP #: DABT60R0010
Document Type: RFP
INPUT Reference #: 02199.32

Department: Army
Document Title: ASEDP
Document Type: Contract & Modifications
INPUT Reference #: 32021.077
Contractor: ARINC
Contract #: DASG6293D0001

Department: Commerce
Document Title: Facilities Management
Document Type: Contract & Modifications
INPUT Reference #: 32046.013
Contractor: Digicon
Contract #: 50PAPT400025

Department: Commonwealth of VA
Document Title: Software Services - Year 2000 Software Assessment
RFP #: 154:7-044
Document Type: RFP
INPUT Reference #: 29500

Department: Defense
Document Title: Acquisition of Telecommunications Services
RFP #: DCA30096R0002
Document Type: RFP
INPUT Reference #: 02547

Department: Energy
Document Title: Activity Based Cost Estim&Sched Svc/Effcy Mgmt
Document Type: Contract & Modifications
INPUT Reference #: 32060.027
Contractor: Project Time and Cost, In
Contract #: DEAM0695RL13300

Department: GAO
Document Title: Reports and Testimony: November 1996
Document Type: GAO Report
INPUT Reference #: OPA-97-2

Department: HHS
Document Title: Immunization Information Software Systems
RFP #: 97-02 (N)
Document Type: RFP
INPUT Reference #: 13139

Department: HHS
Document Title: NICHD Pediatric/Perinatal HIC Clinical Trials
RFP #: NICHDCRMC9701
Document Type: RFP
INPUT Reference #: 13140

Department: Interior
RFP #: 3550
Document Type: Contract, Mods, RFP
INPUT Reference #: 32150.012
Contractor: American Management Systems
Contract #: 1435000130550

Department: NASA
Document Title: Autonomous Low-Earth Orbit Terminal ground system
Document Type: Proposal
INPUT Reference #: 32189.025
Contractor: Allied Signal
Contract #: NAS596025

Department: Navy
Document Title: MK 46/50 Lightweight Torpedo
Document Type: Amendments
INPUT Reference #: 32022.103
Contractor: Alliant
Contract #: N666049DC303

Department: Navy
Document Title: Manpower Analysis Technical and Support Services
RFP #: N0014097RJ002
Document Type: RFP
INPUT Reference #: 02299.20

Department: Navy
Document Title: Technical and Engineering Support Services
RFP #: N0042196R5024
Document Type: RFP
INPUT Reference #: 02299.21

Department: OSDBU
Document Title: Office of Small & Disadv. Business Util. Dir.
Document Type: Directory
INPUT Reference #: 01338

Department: State
Document Title: Information System Security Services
RFP #: SOPRAQ97R0548
Document Type: RFP
INPUT Reference #: 23019

Document Title: Congressional Yellow Book Nov. '96 Special Ed.
Document Type: Directory
INPUT Reference #: 01312.07

Document Title: Federal Regional Yellow Book Winter 1997
Document Type: Directory
INPUT Reference #: 01312.010

Document Title: United States Government Manual 1996/97
Document Type: Directory
INPUT Reference #: 01323

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Databases

- Software and Services Market Forecasts
- Software and Services Vendors
- U.S. Federal Government
  - Procurement Plans (PAR, APR)
  - Forecasts
  - Awards (FAIT)

Custom Projects

For Vendors—analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers—evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

Other Services

Acquisition/partnership searches

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A Publication from INPUT's Federal Procurement Analysis Reports Service

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The Battle for Information Security

Researcher's Corner

by Brian M. Haney

After a year of research, the Defense Department's Task Force on Information Warfare released a report detailing its recommendations on how the Defense Department can better protect itself from information warfare attacks. The task force was organized in November of 1995 to draw up a plan of protection for all technology and information-based systems department-wide. It set out to identify the users of such systems, determine the scope of national interests, characterize the procedures to defend against all threats to the information infrastructure, identify mechanisms which must be put in place to assure this defense, spell out the role the government must play in this effort, and provide an implementation plan for all aforementioned recommendations. The results were published in November 1996 in a document entitled "Report of the Defense Science Board Task Force on Information Warfare - Defense (IW-D)".

The major recommendation of the task force is to establish a center designed to oversee Information Warfare - Defense operations. The center would coordinate the activity of operations centers and emergency response teams in an effort to increase global monitoring of information security. One suggestion is to utilize technical expertise which so often is disregarded, such as the capability of Reserve and National Guard personnel. A second center, which would work with the operations center, would be responsible for IW-D planning and coordination to ensure that all policy, plans, and operations are addressed on a department-wide level.

As far as technology issues are concerned, the task force recommended some new procedures for dealing with security. One problem was that in the past legacy systems were designed without a significant level of security. The task force urges IRM officials to factor security

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into acquisition practices. Buyers should carefully assess the vendor's capacity to incorporate security into the system before it is built. The second question is what to do with existing insecure technology. The recommendation is to install fault tolerant systems and trusted systems which will create a secure, distributed system which can still operate using insecure subnets and subsystems. When it comes to COTS technology, which is being procured on a much greater level than ever before, the centers will maintain responsibility in training the agency to make informed buying decisions and assessing the software's vulnerability before purchase. Vendors will need to make the agencies aware of the security checks which are inherent in their product in order to sell.

Another notion addressed by the task force is the effect of human factors on information security. For example, the most secure system ever built is inherently made insecure by the user. Human factors play a major role in overall system security. Agencies must be prepared to provide security training, hire experienced administrators, and develop a training infrastructure using true-to-life simulation technology. Vendors will be called upon to develop modeling and simulation efforts in conjunction with their systems.

On the whole, the task force calls for increased coordination. This is not only required government-to-government but also vendor-to-government. Vendors will need to be proactive in demonstrating their products' security, and willing to provide training, modeling, damage assessment, and other support services in order to ensure that the system is secure on all levels. The vendor who is proactive in information warfare security is the vendor that will meet the needs of the customer in the age of the information foundation.

Incidentally, the task force estimated the cost of fulfilling its recommendations at over $3 billion over the next five years. INPUT estimates the information technology budget of the entire Department of Defense at approximately $10 billion in fiscal year 1997. Given the decline in spending by the DOD on IT in recent years, it is unclear to what extent the DOD will follow the task force's recommendations.

INPUT Notes

Employee News

INPUT is pleased to welcome Robert J. Rask to the Federal Office. Mr. Rask joins INPUT after working for three years as an account manager in the technical services industry. Previously, he was with the IBM Mid-Atlantic Region as manager of the Applications Marketing Center, manager of consultant relations, and as manager of the Systems Integration-Perform Group. Mr. Rask was also a member of the adjunct faculty at American University teaching an advanced sales management class. Mr. Rask may be reached at (703) 847-6870.

Reports and Profiles

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Veterans Affairs, DFAS ..... April

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Navy, December 1996
Education, December 1996
Transportation, January 1997
Justice, January 1997

January Procurement Highlights

Army

FIP TECH. SUPPT. SVCS. V-02-200

The RFP for this opportunity is expected to be released in mid February 1997. Bids will be due in late March 1997. The contracting office hopes to award this opportunity in August 1997.

MISSION SUPPORT SERVICES V-02-199

The contracting office announced this opportunity in the CBD on January 28, 1997. The RFP release is expected in mid February 1997 with bids due in late March 1997. The contracting office hopes to make an award in late April to ensure that service will begin on May 1, 1997.

SCC-2 V-02-136

The contracting office expects the release of the Draft RFP for the STAMIS Computer Contract 2 in mid February 1997. The final RFP is anticipated in mid April 1997.

AIMS V-02-142

A CBD "Sources Sought" announcement was released, however, the contracting office stated that this opportunity will not materialize until a contractor with old DEC capabilities presents itself. By the end of February 1997, the contracting office should have made a determination as to how to pursue this requirement.

Commerce

FM/EUS VI-06-086

The contracting office awarded the Facilities Management/End User Support contract to Computer Based Systems, Inc. on January 17, 1997. The contract has an estimated value of $48 million.

Defense

DTSC V-04G-059

The DISN Transmission Services - CONUS contract was awarded to AT&T on January 28, 1997. The contract, which has a potential life of 9 years, has an estimated value of $5 billion.

HHS

CDC NCHSTP IS VII-08-147

This opportunity was last synopsized in the CBD on January 21, 1997. The contracting office plans to release the RFP in early March 1997. Bids will be due in early May 1997. The contracting office hopes to award this opportunity in September 1997.

NASA

AMES FIP SERVICES VIII-15-179

A December 6, 1995 CBD announced this opportunity. The RFP was released on August 9, 1996. Bids were due on October 10, 1996 and an award is now expected in March 1997.

HIGH PERF. LAN EQUIP. VIII-15-154

The contracting office has now postponed the RFP release for this opportunity until early March 1997. Documents will be available on the Internet at "http://procure.arc.nasa.gov/acq/acq.htm/".

Navy

ANALYST PROG. SUPPT. SVCS. V-03-254

The Analyst Programming Support Services contract was awarded to Rentfrow, Inc. on January 17, 1997. The contract has an estimated value of $6.7 million.

SPAWAR 10-3 V-03-223

The CIM Support Recompete contract was awarded to SETA Corp. on January 23, 1997. The contract has a maximum value of $28 million.

SESS V-03-198

Bids for the Scientific and Engineering Support Services program were due on November 13, 1995. The award is expected in March 1997.

Treasury

TDA III VII-12-133

The contracting office has no procurement schedule in place for the Treasury Department Acquisition III at this time. The current Concept Automation contract expires in July 1997. INPUT anticipates the RFP release in March 1997 with an award to follow in July 1997.

Veterans Affairs

MARCITS VIII-16-034

The Multiple Award Requirements Contract for Information Technology Services contract was awarded to 23 vendors during December 1996. Procurement authority on the program is $50 million.

PCHS VIII-16-030

The contracting office awarded two contracts for the Procurement of Computer Hardware and Software program, one to Digital Equipment Corporation and the other to Sysorex on January 14, 1997. The contracts have a total value of $1.5 billion. The Sysorex award was protested by Telestar on January 27, 1997. Telestar claims that the award does not comply with Buy America Act provisions in the contract.

Recent Library Acquisitions

Department: Army
Document Title: Warfighters Simulation 2000 Intelligence Model
RFP #: DAAH0197RA102
Document Type: RFP
INPUT Reference #: 02199.33

Department: Army
Document Title: Functional Support Services
RFP #: DABT6096R0010
Document Type: RFP (Amendments)
INPUT Reference #: 02199.34

Department: Commerce
Document Title: Geographic Database Updates
RFP #: 52SOBC700001
Document Type: RFP (Project Agreement)
INPUT Reference #: 04101

Department: Defense
Document Title: IMPAC Credit Card Holders - Defense Dept.
Document Type: Informational Document
INPUT Reference #: 02548

Department: Defense
Document Title: ADP Technical Support Services
RFP #: DASW0196R0139
Document Type: RFP
INPUT Reference #: 02549

Department: Defense
Document Title: Ballistic Missile Defense Computer Info. Sys. Ops.
Document Type: Contract & Modifications
INPUT Reference #: 32024.042
Contractor: Cost Management Systems
Contract #: HQ000697C0001

Department: Defense
Document Title: Scientific Eng. Tech. Spt. Svcs.
Document Type: Contract & Modifications
INPUT Reference #: 32024.043
Contractor: Sparta, Inc.
Contract #: HQ000696C0007

Department: Energy
Document Title: Environmental Management 1996
Document Type: Informational Document
INPUT Reference #: 06041

Department: GAO
Document Title: Information Technology Investment
Document Type: GAO Report
INPUT Reference #: AIMD-96-64

Department: HHS
Document Title: Development of Standard Nomenclature
Document Type: Contract & Modifications
INPUT Reference #: 32131.007
Contractor: Quintiles, Inc.
Contract #: 223935527

Department: HHS
Document Title: Strategic Information System Support
Document Type: Contract & Modifications
INPUT Reference #: 32131.008
Contractor: Booz-Allen & Hamilton
Contract #: 223935528

Department: Navy
Document Title: AEGIS
Document Type: Contract & Modifications
INPUT Reference #: 32022.104
Contractor: INTECS
Contract #: N0017896C2016

Department: Navy
Document Title: Battle Force Tactical Trainer
RFP #: N6339496R1211
Document Type: RFP
INPUT Reference #: 02299.22

Department: State
Document Title: Administrative Support Services
RFP #: SOPRAQ97R0606
Document Type: RFP
INPUT Reference #: 23020

Department: Transportation
Document Title: Intelligent Transportation Systems (ITS) Projects
Document Type: Planning Document
INPUT Reference #: 24018

Harvard University
Document Title: Information Technology and Government
Document Type: Informational Document
INPUT Reference #: 01861

Leadership Directories
Document Title: State Yellow Book Winter 1997
Document Type: Directory
INPUT Reference #: 01312.09

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Vol. V, No. 3 March 1997

FY96 GSA Schedule Data Raises Vendor Questions

Researcher's Corner

by Kevin M. Plexico

In February 1997, GSA released the 'official' fiscal year 1996 sales data for the IT related Federal Supply Schedules. However, apparent inconsistencies and inaccuracies in the data have left many schedule holders with a lot of questions and concerns. Historically, the schedule sales data has been a valuable tool for measuring sales performance and market share among competing companies. However, now that GSA is charging a 1% administrative fee on all schedule sales, the sales numbers have taken on a new meaning to the companies holding schedules as well as agencies buying from them.

Based on the data reported by GSA and discussions with some of the schedule holders, the numbers reported by GSA under-state the actual sales levels significantly. According to GSA's official numbers, $2.025 billion was spent on ADP equipment and services through GSA schedules in fiscal year 1996. Industry estimates of GSA schedule purchases for 1996 have been upwards of $2.5 billion. Under schedule 70B/C, GSA reported sales of $660 million for 1996. When one considers that $917 million was reported in 1995, it is easy to see why companies are concerned. Under the new acquisition reforms, most companies have reported increasing schedule sales, not declining.

These discrepancies have two important effects on schedule holders. If sales numbers reported by GSA have incorrect sales data, can vendors continue to use the numbers to determine their success in schedule sales compared to their competitors? Or, perhaps a more significant concern, if the data is not being reported accurately, how can GSA determine the proper 1% administrative fee to assess companies for GSA schedule sales.

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According to sources at GSA, who conceded that the data may not be accurate, the problem is temporary and does not affect the administrative fees charged. GSA indicated that the problem stems from the changes that have occurred in the way schedule sales data is collected and compiled. In prior years, companies reported quarterly schedule sales to GSA on a form called a 72 Report. These reports were then manually entered into a central system where the data was tabulated. Under the new system, which GSA instituted to provide a more accurate procedure for reporting schedule sales, companies submit sales data on a revised report called a 72A report. The 72A Reports are scanned in electronically, removing the human factor which has led to some of the data inconsistencies. Also, since GSA now collects revenue from the sales, additional oversight procedures have been instituted which help ensure the accuracy of the data.

While the old system has always been prone to errors, most of the errors have probably occurred as a result of the transition from the old system to the new. Now that the new system has been incorporated, GSA contends that the data now being collected is much more reliable. More importantly, according to GSA, it did not begin charging the 1% administrative fee until after the new reporting procedures were in effect.

Although we may be stuck with inaccurate data for fiscal year 1996, if GSA is correct about the accuracy of their new reporting procedures, the numbers for fiscal year 1997 should be quite useful to vendors looking for competitive sales and market share information.

INPUT Notes

Breakfast Meeting

INPUT will host a Breakfast Meeting on March 26, 1997 at the Fairview Park Marriott in Falls Church, VA. The featured speaker will be Doug Hanson of NASA's SEWP program. Mr. Hanson will address new trends in large IDIQ procurements and their impact on the federal marketplace. For more information, please contact Erica Davis at (703) 847-6870.

FOSE

Please remember to stop by INPUT's booth at FOSE from February 18 to 20. INPUT will be exhibiting the IMPACT system and its new enhancements. We will be located on the first floor, booth #3931.

Reports and Profiles

Federal Financial Management Systems Market 1996-2001
Federal Wireless Technology Market 1995-2000
Federal Imaging Market, 1996-2001
Federal Information Systems and Services Market, 1996-2001
Federal Telecommunications Market, 1996-2001

1997 Reports In Development

Federal Professional Services Market

1997 Agency Profiles

Labor, HUD.....March

Veterans Affairs, DFAS.....April

Energy, NOAA.....May

Available Agency Profiles

EPA, April 1995
PTO, June 1995
OPM, August 1995
CDC, December 1995
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USSS, February 1996
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DOE, March 1996
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USDA, October 1996
Air Force, November 1996
HHS, November 1996
Navy, December 1996
Education, December 1996
Transportation, January 1997
Justice, January 1997
Interior, February 1997
Treasury, February 1997

February Procurement Highlights

Army

PC 3 V-02-122

INPUT anticipates a release of the Personal Computer 3 RFP in May 1997 with bids due in June 1997. An October 1997 award is expected.

SCC-2 V-02-136

The Draft RFP for the STAMIS Computer Contract 2 program was released on February 21, 1997. No responses are due. The Final RFP release is expected in mid April 1997 with an award currently planned for September 1997.

MAINTENANCE OF IBM EQUIP. V-02-155

The Maintenance of IBM Equipment contract was awarded to Decision One on January 30, 1997. The contractor will provide maintenance on IBM mainframes and peripherals at numerous Army installations.

UNIVERSAL MODEM SYSTEM V-02-165

This contract was awarded to Rockwell Collins on February 21, 1997. The contract has an estimated value of $19.9 million.

DSSMP V-02-177

The RFP for the Digital Switched Systems Modernization Program is expected to be released on April 4, 1997. Bids will be due on May 5, 1997 with an award on June 30, 1997.

Commerce

SDM VI-06-066

The System Development and Maintenance contract was awarded to CSC and Lockheed Martin on February 12, 1997. The contracts have a combined estimated value of $540.3 million.

GEN. PURPOSE EQUIP. AND SW VI-06-091

The contracting office announced this opportunity in the CBD on February 6, 1997. An RFP is expected in June 1997 with an anticipated award in the 2QFY98.

Defense

HITS V-04G-018

The Hawaii Information Transfer System contract was awarded to AT&T on February 20, 1997. The contract has an estimated value of $291 million.

GSA

WAC VIII-14-062

The Final RFP for the Wire and Cable program is expected to be released in mid March 1997. An award is currently anticipated for November 1997. The contracting office expects to award multiple contracts to satisfy these requirements.

HHS

TELECOMM. SUPPORT SVCS. VII-08-087

The Telecommunications Support Services contract for the CDC was awarded to Milcom Systems on February 12, 1997. The contract has an estimated value of $9.8 million.

COMP. DATA MGT. VII-08-129

The contracting office stated that an RFP release for the Comprehensive Data Management and Support Services program is expected in April 1997. An award is expected in September 1997 when the current contract expires.

Justice

JUSTICE LAPTOPS II VII-10-139

The incumbent contract expires in January 1998. The contracting office has not yet firmed plans for a recompete. However, INPUT anticipates an RFP release in June 1997. An award is anticipated before the January 1998 expiration.

Navy

SDIRMSS V-03-228

The Submarine Directorate Information Resources Management Support Services contract was awarded to RGS Associates on February 28, 1997. The contract has an estimated value of $19.7 million.

MRMS V-03-239

An RFP release for the Maintenance Resource Management System is expected in June 1997. Currently, there is an appeal at the Secretary of the Navy's Office regarding the procurement's competition status. A decision on the matter is expected on March 22, 1997.

TASP V003-260

The contracting office is currently evaluating comments on the initial DRFP and intends to release either a second draft or the Final RFP in early April 1997. INPUT anticipates an award in late September 1997.

MANPOWER ANALYSIS V-03-285

The Manpower Analysis Technical and Support Services contract was awarded to RCI on February 12, 1997. The contract has an estimated value of $8 million.

Pension Benefit Guaranty Corp.

SYSTEMS ENG. SUPPT. VIII-41-001

The contracting office expects to release an RFP for the Systems Engineering Support program in April 1997. An award is currently expected in September 1997 in order to ensure continuity of service.

Transportation

NISC II VII-11-128

A pre-solicitation conference for the National Airspace System Implementation Support Contract II was held on February 12 and 13, 1997. Comments on the Draft SIR were due on February 21, 1997. The release of the initial SIR is expected on April 11, 1997. Capability Statements will be due on June 11, 1997.

Treasury

MAINTENANCE SERVICE VII-12-135

The contracting office expects to release the RFP for the Maintenance Service for Microcomputer and Peripheral Equipment program on April 1, 1997. Bids will be due on May 1, 1997. An award is anticipated in late September 1997.

US Courts

DCN VIII-30-010

The DCN Hardware and Software contract was awarded to Telos Corp. on February 10, 1997. The contract has an estimated award value of $33.3 million.

Veterans Affairs

PCHS VIII-16-030

The Procurement of Computer Hardware and Software contract was awarded to Digital and Sysorex on January 14, 1997. The Sysorex award was protested by Telestar on January 27, 1997. The protest was resolved in favor of Sysorex in February 1997.

This newsletter is issued as part of INPUT's Federal IMPACT Program. If you have questions or comments on this newsletter, please call Brian Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182, (703) 847-6870

INPUT®

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- 5-year market forecasts
- Competitive analysis
- Access to experienced consultants
- Immediate answers to questions
- On-site presentations

Databases

- Software and Services Market Forecasts
- Software and Services Vendors
- U.S. Federal Government
  - Procurement Plans (PAR, APR)
  - Forecasts
  - Awards (FAIT)

Custom Projects

For Vendors—analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers—evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

Other Services

Acquisition/partnership searches

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INPUT®

Federal Newsletter

A Publication from INPUT's Federal Procurement Analysis Reports Service

Vol. V, No. 4 April 1997

Reactions to the Year 2000 Problem

Researcher's Corner

by Brian M. Haney

According to a report released by the Congressional Committee on Government Reform and Oversight, with the year 2000 only 33 months away, the federal government has little hope of preparing all of its existing computer systems for the year 2000. Accordingly, in the September 1996 report entitled *Year 2000 Computer Software Conversion: Summary of Oversight Findings and Recommendations*, the Committee recommends that agencies prioritize systems that need fixing so the most critical systems are corrected on time.

IN THIS ISSUE:

The report sparked the creation of a General Accounting Office report entitled *Year 2000 Crisis: An Assessment Guide*. The guide, released in February 1997, identifies the five steps involved in properly addressing and resolving the year 2000 issues:

- awareness
- assessment
- renovation
- validation
- implementation

Based on the report's definition of the awareness phase, this phase has already passed. Many of the legacy systems now in place were originally designed to last one or two decades. As agencies and vendors have begun to realize the tremendous implications presented by the year 2000 on computer systems in the government and commercial world, awareness of the problem has not been an issue of late.

According to the report, the government has now entered the assessment phase. The report urges government officials to evaluate more than just hardware and software needs. Agencies should also realize and focus on the

potential impact of the failure of core business systems on agencies' business processes. The report recommends that agencies decide on one of three main courses of action: conversion, replacement or retirement. Conversion involves changing the existing code to account for a four-digit year field. Replacement involves the acquisition, installation, startup and maintenance/testing of new systems capable of handling the twenty-first century. Retirement is the disposal of systems which may not be mission-critical. Once the assessment has taken place, the agency should develop a plan of action, including the need for vendor assistance, as well as the overall cost of the venture.

Although the reprogramming effort is relatively routine and does not include complex procedures or methods, the third phase is quite possibly the most time consuming phase. Renovation includes the examination and repair of millions of lines of code. Renovation may actually take up to two years. It will be followed with a validation process. Validation is designed to assure the proper conversion; it acts as a form of quality control. The GAO report details an estimate of roughly one year to validate the converted or replaced systems. It is also predicts that this process alone may comprise over half of the total cost estimate for ensuring year 2000 compliance. This is not just a matter of testing a new system to ensure proper handling of the new date; it is also a test of that new system's interaction with the existing systems. Renovation must ensure that systems will withstand the twenty-first century, but, more importantly, the integrity of the overall process between all systems must be maintained.

The final phase of compliance is implementation. The report indicates that for some agencies this process may run up to December 1999. Contingency plans will play a key role with respect to implementation. Some agencies may choose parallel processing as an option, whereby the old system and the new system run concurrently in order to reduce risk. New systems must be able to operate in a heterogeneous environment, or one in which year 2000-compliant and non-compliant systems are intermixed with each other. In the event of a failure, contractors must be able to assist with a disaster recovery plan.

Based on the phases identified above and the number of government systems that are affected by the year 2000, it is easy to see how a significant market for year 2000 conversion products and services can emerge. The $2.3 billion estimate espoused by Office of Management and Budget in its report entitled *Getting Federal Computers Ready for 2000* is considered very conservative by many in the industry. Some of the more liberal estimates are upwards of $30 billion.

While this may be very tantalizing for companies seeking to profit from the conversion efforts, the GAO report recommends that agencies carefully review all warranties and maintenance agreements offered, and that agencies seek guarantees from the companies providing the conversion services. This could have significant implications for such companies. If this recommendation is followed closely, vendors may be pursued for financial restitution resulting from systems that fail when the year 2000 arrives.

INPUT will be addressing the year 2000 problem in further detail in a Research Bulletin and a research project later in the year. Budget issues and costs will be examined, as well as detailed contractor implications. For more information on this topic, please call Charles Billingsley at (703) 847-6870.

INPUT Notes

Final Issue

This is the final printed issue of the Federal Newsletter. INPUT will now publish all newsletters on the Internet. They may be found at INPUT's home page, http://www.inputgov.com/.

IMPACT on the Internet

IMPACT is now available on the Internet. All research products, including the online database, are now available by accessing INPUT's home page at http://www.inputgov.com.

Clients will experience: daily updates of PAR and Contacts Databases, linkage between Agency Profiles and the PAR Database, linkage between PAR opportunities and government home pages, and instant access to the status of Market Action Projects and Reports.

INPUT's Federal Conference

INPUT's 1997 Federal Conference is scheduled for June 25, 1997 at the Fairview Park Marriott in Falls Church, VA. All federal clients are encouraged to attend.

Procurement Reform Project

The Impact of Procurement Reform on the Federal IT Market project is in the interview phase. INPUT is surveying contracting officers, IRM officials, and Chief Information Officers to assess the impact of reforms on their agencies. Sponsors may view work in progress on INPUT's home page at http://www.inputgov.com/spectoc.htm.

Year 2000 Report

INPUT will be conducting an industry-wide study of the effects of the year 2000 on both the commercial and federal marketplace. The study, entitled *Y2000 - Assessment of Readiness, Cost and Solution Providers* will assess user readiness for the year 2000, examine the impact on expenditure, detail preferred approaches to the problem resolution, explore financing considerations and expenditure patterns, as well as the evaluation of service opportunities. INPUT plans to conduct this research during the 2QCY97.

Reports and Profiles

Federal Financial Management Systems Market 1996-2001
Federal Wireless Technology Market 1995-2000
Federal Imaging Market, 1996-2001
Federal Information Systems and Services Market, 1996-2001
Federal Telecommunications Market, 1996-2001

1997 Reports In Development

Federal Professional Services Market
Impact of Procurement Reform on the Federal IT Market
Y2000 - Assessment of Readiness, Cost and Solution Providers

1997 Agency Profiles

Labor, HUD ..... March

Veterans Affairs, DFAS ..... April

Energy, NOAA ..... May

State, US Courts ..... June

Available Agency Profiles

USAID, January 1996
EOP, January 1996
USCS, February 1996
USSS, February 1996
VA, March 1996
DOE, March 1996
FBI, April 1996
State, April 1996
TVA, May 1996
Postal Service, May 1996
USCG, June 1996
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HHS, November 1996
Navy, December 1996
Education, December 1996
Transportation, January 1997
Justice, January 1997
Interior, February 1997
Treasury, February 1997

March Procurement Highlights

AIR FORCE

TELEMETRY DATA PROCESSORS (TDP)
V-01-267
Sole Source expected in 5/97 to Acromatics.

NATIONAL AIR AND SPACE WARFARE MODEL (NASM)
ESC
V-01-208
Awarded on March 3, 1997 to Raytheon Systems Development for an estimated $44.3 million

ARMY

INFORMATION OPERATIONS MANAGEMENT SUPPORT AND TECHNICAL ASSISTANCE SERVICES
V-02-201
Pre-Proposal Conference on 3/27/97

STANDARD SYSTEM TECHNOLOGY SUPPORT - 1 (SSTS-1)
CACWOO
V-02-163
RFP expected 4/14/97

LOCAL AREA NETWORK CENTRALIZATION
HECSA
V-02-181
Award expected late 3/97

TECHNICAL DATA MANAGEMENT SUPPORT
MICOM
V-02-152
Awarded 3/5/97 to Radian for $18.2 M

COST RISK ANALYSIS SOFTWARE (CORPS RISK)
COE
V-02-147
RFP expected late 3/97

MISSION SUPPORT SERVICE FOR COMPUTER OPERATIONS PROGRAMMING ANALYSIS AND ENGINEERING SERVICES
APGSA
V-02-199
RFP expected late 3/97

FIP TECHNICAL SUPPORT SERVICES
DSSW
V-02-200
This program has been deleted

ON-SITE PREVENTATIVE AND REMEDIAL HARDWARE MAINTENANCE
DISA
V-04G-068
RFP expected late 3/97

SUPPORT FOR THE SMALL BUSINESS INNOVATIVE SCIENCE AND TECH OFFICE
BMDO
V-04N-006
Sole source award to Futron expected late 3/97

ENVIRONMENTAL PROTECTION AGENCY

NATIONAL TELECOMMUNICATIONS AND COMPUTING SUPPORT CONTRACT (PSC)
VIII-17-026
RFP expected late 3/97

GSA

FACILITIES MANAGEMENT FOR FISSP EASTERN REGION
VIII-14-032
RFP expected late 3/97

PURCHASE OF TELECOMMUNICATIONS EQUIPMENT AND SERVICES (POTS) REGION 5
VIII-14-049
RFP expected 4/1/97

HEALTH AND HUMAN SERVICES

CDC NCHSTP INFORMATION SERVICES
VII-08-147
RFP expected late 3/97

NIH ELECTRONIC COMPUTER STORE II (ECS II)
NIH
VII-08-125
RFP re-release anticipated early 4/97

JUSTICE

ADP ANALYSIS AND DATA ENTRY TO SUPPORT NADDIS (NADDIS)
DEA
VII-10-107
RFP expected late 3/97

NAVY

COMMERCIAL AFLOAT TELECOMMUNICATIONS SERVICES (ATS)
SPAWAR
V-03-310
RFP expected late 3/97

ENGINEERING SERVICES FOR EMERGING NAVIGATION AND AIR C3 SYSTEMS
NRAD
V-03-270
Award expected late 3/97

POSTAL SERVICE

WIRELESS MOBILE DATA COLLECTION DEVICES (MDCD)
ITP
VIII-31-022
RFP expected 4/97

TRANSPORTATION

FACILITIES MANAGEMENT FOR THE TRANSPORTATION COMPUTER CENTER
VII-11-066
Requirements satisfied through existing contracts

INSTITUTIONAL ADP SUPPORT SERVICES
RSPA
VII-11-126
RFP expected 4/1/97

TREASURY

INTEGRATED COLLECTION SYSTEM (ICS)
IRS
VII-12-123
RFP expected 4/97

Recent Library Acquisitions

Department: Air Force
Document Title: CMAH
Document Type: Contract & Modifications
INPUT Reference #: 32020.074
Contractor: JAYCOR
Contract #: F0473595C0036

Department: Army
Document Title: Material Fielding Support Services
Document Type: Contract & Modifications
INPUT Reference #: 32021.078
Contractor: Nations, Inc.
Contract #: DAMD1792C2019

Department: Army
Document Title: Portables 2
RFP #: DAHC9496R0003
INPUT Reference #: 02199.36

Department: Army
Document Title: Software Maintenance
RFP #: DASC0197R0002
Document Type: RFP, BML
INPUT Reference #: 02199.37

Department: Army
Document Type: Contract & Modifications
INPUT Reference #: 32021.080
Contractor: Computer Sciences Corp.
Contract #: DAHC9493D0002

Department: Army
Document Type: Contract
INPUT Reference #: 32021.079
Contractor: Radian Inc.
Contract #: DAAK7092D0004

Department: Commerce
Document Title: Statistical Abstract of the United States 1996
Document Type: Reference
INPUT Reference #: 01812

Department: Commerce
Document Title: Budget Formulation Requirements Analysis
RFP #: 41SAAA7B0116
Document Type: RFQ
INPUT Reference #: 04019

Department: Commerce
Document Title: Component-Based Software
RFP #: 97-06
Document Type: RFP
INPUT Reference #: 04208

Department: Defense
Document Title: Information Warfare - Defense (IW-D)
Document Type: Informational Document
INPUT Reference #: 01862

Department: Energy
Document Title: Management and Operations of Oak Ridge Natl. Lab.
Document Type: Contract & Modifications
INPUT Reference #: 32060.028
Contractor: Lockheed Martin Energy
Contract #: DEACO596OR22464

Department: GAO
Document Title: Reports and Testimony: January 1997
Document Type: GAO Report
INPUT Reference #: OPA-97-4

Department: HHS
Document Title: ADP Spt Svcs for the Ctr of Intramural Research
RFP #: 213930001
Document Type: Contract & Modifications
INPUT Reference #: 32131.009
Contractor: Social & Scientific Inc.
Contract #: 290930001

Department: HHS
Document Title: Network Acquisition & Support (NAS)
RFP #: 223975500
Document Type: RFP
INPUT Reference #: 13018

Department: Justice
Document Title: Service Technology Alliance Resources (STARS)
Document Type: Conference Q & A
INPUT Reference #: 16212

Department: Marines
Document Title: Rugged Handheld Computer
Document Type: Performance Spec.
INPUT Reference #: 02304

Department: NASA
Document Title: NASA IRM Plan FY1997-FY2001
Document Type: IRM Plans/Budgets
INPUT Reference #: 01215

Department: NASA
Document Type: Contract & Modifications
INPUT Reference #: 32186.008
Contractor: Wyle Labs
Contract #: NAS119722

Department: NASA
Document Type: Contract & Modifications
INPUT Reference #: 32186.009
Contractor: Raytheon Company
Contract #: NAS119865

Department: Navy
Document Title: Buy Requirements Listing FY1997/1998
Document Type: Informational Document
INPUT Reference #: 02299.25

Department: Navy
Document Type: Contract & Modifications
INPUT Reference #: 32022.105
Contractor: SRS Tech.
Contract #: N0012393D0009

Department: Navy
Document Type: Contract & Modifications
INPUT Reference #: 32022.106
Contractor: CSC
Contract #: N0012393C0323

Department: Navy
Document Title: Navy Dept. Info.Tech. Strategic Plan 1997-2001
Document Type: IRM Plan
INPUT Reference #: 01215.5

Department: State
Document Title: Passport Application Processing Services
RFP #: SOPRAQ97R0036
Document Type: RFP
INPUT Reference #: 23021

Department: Transportation
Document Title: FAA IRM Five-year Plan FY 1997
Document Type: IRM Plan
INPUT Reference #: 01217.1

Department: Transportation
RFP #: DTCG2397RMM3A01
Document Type: RFP
INPUT Reference #: 24117

Document Title: American Marketing Association 1997 Guide
Document Type: Directory
INPUT Reference #: 01336

Document Title: Telecommunications Act of 1996
Document Type: Legislation
INPUT Reference #: 01700.21

Finkelstein Assoc.
Document Title: New Age Information Guide to the Federal Government
Document Type: Directory
INPUT Reference #: 01339

This newsletter is issued as part of INPUT's Federal IMPACT Program. If you have questions or comments on this newsletter, please call Brian Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182, (703) 847-6870

INPUT®

Agency Profile

A Publication from INPUT's Federal IT Market Analysis Program

Vol. III, No. 1 January 1997

Department of Transportation

Purpose

The Department of Transportation (DOT) is responsible for establishing the nation's overall transportation policy. Through its various administrations, the department has jurisdiction principally in highway planning and construction, urban mass transit, railroads, aviation and the safety of waterways, ports, highways and oil and gas pipelines.

Table of Contents

Organization

The Department of Transportation was established by Act of October 15, 1966, as amended (49 U.S.C. 102) and became operational in April 1967.

The department is administered by the Secretary of Transportation, appointed by the President with the advice and consent of the Senate, who is the principal advisor to the President in all matters relating to federal transportation programs. The Secretary is aided by the Deputy Secretary of Transportation, the Associate Deputy Secretary and five Assistant Secretaries, among others. The Assistant Secretaries serve as the "corporate board" of key advisors to the Secretary of Transportation. In conjunction with DOT's several Directors and Chairpersons, they also oversee the daily activities and programs of the department's various staff offices.

The department's jurisdiction in transportation policy and its execution is divided among 10 operating administrations. While their authority is highly decentralized, the heads of the various administrations report directly to the Secretary of Transportation and assist in advising on policy and issues as it pertains to their respective functions.

Secretary Federico F. Peña currently administers the Department of Transportation, while Rodney E. Slater is the Presidential nominee for Secretary of Transportation and presently awaits Senate confirmation. DOT employs approximately 63,300 people nationwide, not significantly changed from approximately 63,600 people at this time last year. Slightly less than 16% of Transportation's employees are located in the Washington, DC area. The functions of DOT are carried out at its Washington, DC headquarters and at the various headquarters and regional offices of its operating administrations.

The organizational structure of the Department of Transportation is presented in Exhibit 1.

Operating Administrations

Below are the 10 operating administrations within the Department of Transportation and a brief description of their respective functions:

a. U.S. Coast Guard
The U.S. Coast Guard (USCG), established in 1915, is the primary federal administration with maritime authority for the United States. For the high seas and waters subject to the jurisdiction of the U.S., the Coast Guard enforces or assists in the enforcement of all applicable federal laws; administers, promulgates and enforces regulations and laws for the promotion of safety; develops, operates and maintains aids to maritime navigation, ice breaking facilities, oceanographic research and rescue facilities; and maintains a coordinated environmental program and a comprehensive ports and waterways system.

As a branch of the Armed Forces, the Coast Guard maintains a state of readiness to function as a part of the Navy in time of war or under Presidential directive.

Exhibit 1

Department of Transportation Organization

Secretary of Transportation
Deputy Secretary of Transportation

Secretariat:
- Associate Deputy Secretary
- Assistant Secretary for Transportation Policy
- Assistant Secretary for Aviation and International Affairs
- Assistant Secretary for Budget and Programs and Chief Financial Officer
- Assistant Secretary for Governmental Affairs
- Assistant Secretary for Administration
- General Counsel
- Office of Inspector General

Staff Offices:
- Office of Intermodalism
- Office of Civil Rights
- Office of Small and Disadvantaged Business Utilization
- Office of Intelligence and Security
- Office of Public Affairs
- Executive Secretariat
- Board of Contract Appeals

Operating Administrations:
- U.S. Coast Guard
- Federal Aviation Administration
- Federal Highway Administration
- Federal Railroad Administration
- Federal Transit Administration
- National Highway Traffic Safety Administration
- Maritime Administration
- Research and Special Programs Administration
- Bureau of Transportation Statistics
- Saint Lawrence Seaway Development Corporation

Source: U.S. Government Manual 1996

b. Federal Aviation Administration
The Federal Aviation Administration (FAA), created by the Federal Aviation Act of 1958, is the primary operating division within DOT responsible for regulating domestic air commerce and controlling the civilian and military use of navigable airspace within the United States to promote safety and efficiency. It is further responsible for promoting civil aeronautics and research and development with respect to air navigation. The FAA operates a common system of air traffic control and navigation for civilian and military aircraft. Furthermore, it develops and implements regulations and programs to minimize the environmental effects of civil aviation.

c. Federal Highway Administration
The Federal Highway Administration (FHWA) administers the highway transportation programs of the Department of Transportation, including the Federal-Aid Highway Program, various highway safety and motor carrier programs, the Federal Lands Highway Program and numerous research and development programs. The administration encompasses highway transportation in its broadest scope, seeking to coordinate highways with other modes of transit to achieve effective transportation systems and facilities.

d. Federal Railroad Administration
The primary purpose of the Federal Railroad Administration is to promulgate and enforce rail safety regulations. To this end, the administration manages railroad financial assistance programs, conducts research and development in support of improved railroad safety and national rail transportation policy, provides for the rehabilitation of Northeast Corridor rail passenger service and consolidates government support of rail transportation activities.

e. Federal Transit Administration
The Federal Transit Administration, formerly the Urban Mass Transportation Administration, assists in the development of improved mass transportation facilities, equipment, techniques and methods with the cooperation of public and private mass transportation companies. The administration encourages the planning and establishment of urban mass transportation systems needed for economical urban development. It also provides financial and technical assistance to state and local governments to implement regional transportation systems that comply with federal goals and standards.

f. National Highway Traffic Safety Administration
The administration (NHTSA), established by the Highway Safety Act of 1970, carries out DOT programs relating to the safety performance of motor vehicles and related equipment, motor vehicle drivers, occupants and pedestrians and a uniform nationwide speed limit. The administration also conducts studies aimed at reducing economic losses in motor vehicle crashes and repairs through general motor vehicle programs, administers the federal odometer law, issues theft prevention standards and promulgates average fuel economy standards for all motor vehicles.

g. Maritime Administration
The Maritime Administration was established in 1950 and was transferred to the Department of Transportation in 1981. It administers programs to aid in the development, promotion and operation of the U.S. Merchant Marine, and it is charged with organizing and directing emergency merchant ship operations. The Maritime Administration also administers subsidy programs through the Maritime Subsidy Board, under which the federal government pays specified costs of constructing and operating ships for services deemed essential.

h. Research and Special Programs Administration
Established in 1977, the Research and Special Programs Administration (RSPA) is responsible for hazardous materials transportation and pipeline safety, transportation emergency preparedness, safety training, transit research and development activities and the collection and dissemination of air carrier economic data. RSPA conducts its activities primarily through the following offices:

- Office of Hazardous Materials Safety
- Office of Pipeline Safety
- Office of Research, Technology and Analysis
- Office of University Research and Education
- Office of Research Policy and Technology Transfer
- Transportation Safety Institute
- Office of Emergency Transportation
- Volpe National Transportation Systems Center

i. Bureau of Transportation Statistics
The Bureau of Transportation Statistics (BTS) was organized under the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 (49 U.S.C. 111) and was formally established by the Secretary of Transportation on December 16, 1992. BTS has an intermodal transportation focus whose purpose is to compile, analyze and make accessible information on the nation's transportation systems. It also enhances the quality and effectiveness of DOT's statistical programs through research, the development of guidelines and the promotion of improvements in data acquisition and use.

j. Saint Lawrence Seaway Development Corporation
The Saint Lawrence Seaway Development Corporation, a wholly government-owned enterprise created in 1954, is responsible for the development, operation and maintenance of the St. Lawrence Seaway between the port of Montreal and Lake Erie, within the territorial limits of the United States. It is the function of the Seaway Corporation to provide an effective channel of maritime commerce.

Program Activities

In addition to the functions performed by the agency's individual administrations, the Department of Transportation conducts several activities through staff and secretariat offices. Below are their primary functions:

a. Intermodalism
DOT's Office of Intermodalism provides departmental leadership and coordination in developing national and regional transportation solutions through multiple transit means. The office develops, maintains and disseminates intermodal transportation data through the Bureau of Transportation Statistics, and it provides technical assistance to states and metropolitan planning organizations. It also coordinates federal research on intermodal transportation and reviews state-generated intermodal management systems to ensure continued progress toward improving transportation.

b. Transportation Policy
The Assistant Secretary for Transportation Policy is the principal policy official for the analysis, development, articulation and review of policies and plans for all modes of transportation. Through the Assistant Secretary, DOT develops and evaluates public policy related to transportation industries and

maintains economic oversight of regulatory programs and legislative initiatives. It also provides policy leadership and coordination on safety, energy and environmental initiatives which affect air, surface, marine and pipeline transportation. Finally, the Assistant Secretary leads financing initiatives of transportation projects and provides economic analyses of new transportation technologies.

c. Aviation and International Affairs
The Assistant Secretary for Aviation and International Affairs is the principal official for the development, review and coordination of policy for international transportation. The Assistant Secretary coordinates and carries out U.S. government policy relating to the economic regulation of the airline industry and develops policies on a wide range of international transportation and trade matters. Through the Assistant Secretary, DOT offers guidance to the United States Trade Representative's (USTR) Trade Policy Committee in efforts to improve the U.S. balance of payments, and it provides assistance to the Agency for International Development's (AID) transportation programs in developing countries.

d. Civil Rights
The Director of the Office of Civil Rights is the principal advisor to the Secretary on civil rights and equal opportunity matters. The Director also acts for and represents the Secretary in implementing civil rights and equal opportunity precepts within the department and in all of its services rendered to the public. The Director is responsible for adjudicating appeals and other dispositions relating to denials of disadvantaged business certification by a transportation financial assistance recipient.

e. Small and Disadvantaged Business Utilization
The Office of Small and Disadvantaged Business Utilization, established in July 1980, is responsible for developing policies and procedures consistent with federal statutes for the participation of minority, women-owned and small and disadvantaged businesses in the department's procurement and federal financial assistance activities. To this end, the office operates the Minority Business Resource Center, which coordinates financial and technical assistance programs for such businesses. The office is also responsible for setting DOT's goals for small and disadvantaged businesses, which includes monitoring and evaluating the accomplishments of these goals.

f. Contract Appeals
The Department of Transportation Board of Contract Appeals conducts hearings and issues final decisions in appeals from contracting officer decisions under contracts awarded by the department and its constituent administrations.

Program Budget

The Department of Transportation is primarily funded through trust funds, which comprised 76% of total program funds in fiscal years 1995 and 1996. In 1997, this figure is anticipated to increase to 81% of the department's total funds. Therefore, the seemingly large 14% anticipated decline in federal funding, from $9.4 billion in fiscal year 1995 to $8.0 billion in fiscal year 1997, will have little overall impact on DOT's program activities. Allocated trust funds are projected to grow 17% during this time period, from $28.9 billion in 1995 to $33.7 billion in 1997, which will drive total DOT funding up 9%, from $38.1 billion to $41.5 billion. The program budget for the Department of Transportation is presented in Exhibit 2.

Exhibit 2

Program Budget of the Department of Transportation

Program Accounts	FY 1995 (actual)	FY 1996 (estimate)	FY 1997 (estimate)
Federal Aviation Administration	$2,123	$2,420	$2,026
Federal Highway Administration	335	NA	59
Bureau of Transportation Statistics	NA	2	NA
National Highway Traffic Safety Administration	79	72	99
Federal Railroad Administration	1,093	859	1,042
Federal Transit Administration	1,731	1,275	567
Coast Guard	3,528	3,573	3,701
Maritime Administration	182	200	247
Saint Lawrence Seaway Development Corporation	11	11	11
Research and Special Programs Administration	68	60	67
Office of the Secretary	173	158	170
Office of Inspector General	40	39	40
Surface Transportation Board	NA	15	NA
Total Federal Funds	**9,352**	**8,673**	**8,018**
Total Trust Funds	**28,850**	**27,726**	**33,672**
Total Funds (Net, Offsetting Receipts)	**38,058**	**36,268**	**41,531**

All figures in $ Millions *Source: Budget of the United States Government FY1997, February 5, 1996*

Information Technology Budget

The information technology (IT) budget of the Department of Transportation is anticipated to experience a moderate 3% annual growth rate over the next five years. Particularly strong growth is likely to occur in supplies and support services, with compound annual growth rates (CAGR) of 11% and 8%, respectively. Anticipated funding for personnel is the only major exception to this upward trend with a negative CAGR of 6% from 1996 to 2001. The unusually low government forecast for software purchases and leases in 1997 give the appearance of less reliance on software, while INPUT anticipates moderate growth in spending on software from 1997 to 2001. Also of note is the contracted out portion of the IT budget, which currently comprises 95% of DOT's total IT budget and is expected to account for 96% in 2001 — a growing share of a growing budget.

The information technology budget of the Department of Transportation is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies. Exhibit 4 highlights the distribution of IT spending at DOT for fiscal year 1995, the latest year such data was reported to OMB. The IT budgets for Transportation administrations not shown comprise less than 1% of total DOT funding.

Exhibit 3

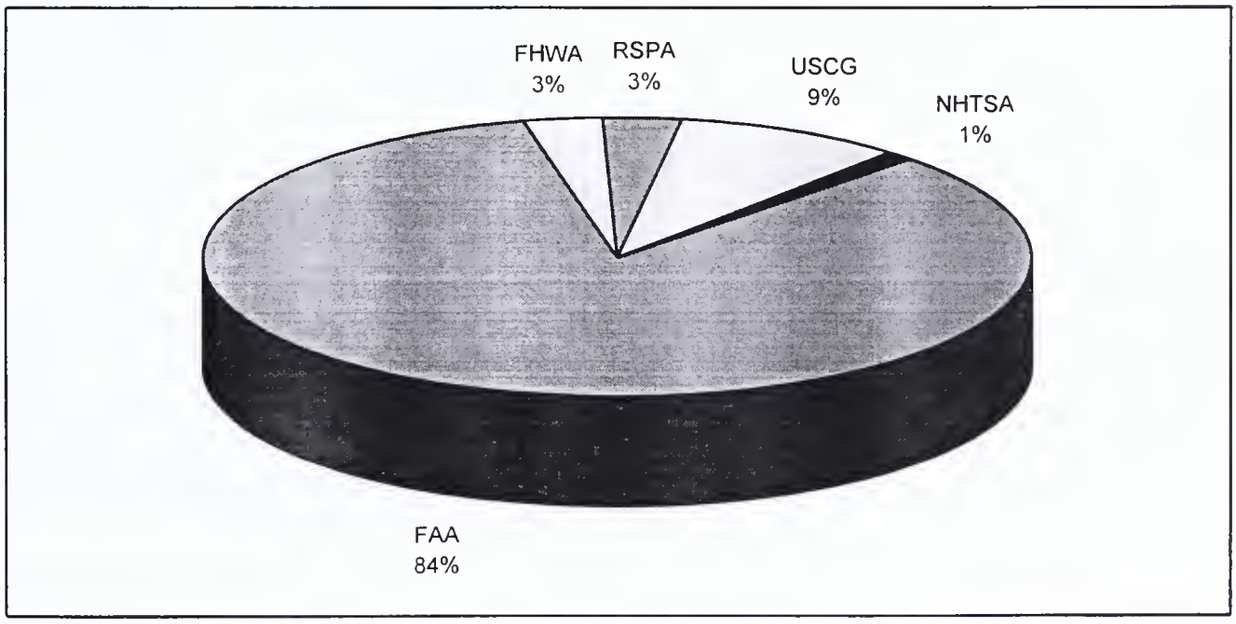
Information Technology Budget of the Department of Transportation

Category	1996	1997	1998	1999	2000	2001	CAGR 1996-2001
Equipment:							
Capital Purchases	$516	$509	$529	$556	$589	$630	4%
Other Purchases and Leases	190	187	194	204	216	231	4%
Total Equipment	**705**	**696**	**723**	**760**	**805**	**862**	**4%**
Software:							
Capital Purchases	505	369	392	419	452	493	-%
Other Purchases and Leases	59	41	44	47	51	55	-1%
Total Software	**564**	**411**	**435**	**466**	**503**	**548**	**-1%**
Services (Processing and Telecom.)	**343**	**355**	**369**	**388**	**411**	**440**	**5%**
Support Services	**239**	**247**	**267**	**291**	**320**	**356**	**8%**
Supplies	**21**	**29**	**30**	**32**	**33**	**36**	**11%**
Personnel	**77**	**76**	**73**	**68**	**63**	**56**	**-6%**
Contracted Out Portion of IT Budget	**1,852**	**1,709**	**1,795**	**1,904**	**2,040**	**2,205**	**4%**
Total IT Budget	**1,950**	**1,813**	**1,898**	**2,004**	**2,136**	**2,298**	**3%**

All figures in $ Millions *Source: Department of Transportation and INPUT*

Exhibit 4

Department of Transportation IT Budget Distribution FY 1995



Source: Department of Transportation and INPUT

IT Contract Opportunities

The Department of Transportation is currently pursuing at least 39 major IT acquisitions. Due to their volume, only those procurements in the presolicitation phase are summarized below:

a. Capital Investment Plan (CIP)
Type: Umbrella
The FAA's Capital Investment Plan is a comprehensive and overall design for upgrading the National Airspace System (NAS). Under this umbrella program, two opportunities have been awarded, two are in source selection and the following five are in the presolicitation phase:

- *Air Traffic Control Beacon Interrogator Replacement (ATCBI)* — The FAA Surveillance and Weather Integrated Product Team (IPT) has a requirement for approximately 200 Non-Developmental Item (NDI) Monopulse Secondary Surveillance Radars (MSSRs) to replace existing ATCBI-4/5 SSRs.

- *Air Traffic Management System Development and Integration (ATMSDI)* — The FAA's Air Traffic Management IPT intends to acquire air traffic management systems development, integration and life cycle support to increase the capacity and efficiency of its automation resources.

- *Instrument Approach Procedures Automation Procurement (IAPA)* — The FAA has a continued maintenance and upgrade support services requirement for IAPA, a mainframe-based, interactive graphics system used for the development of Standard Instrument Approach Procedures (SIAP).

- *National Airspace System Implementation Support Contract II (NISC II)* — The FAA is soliciting ideas from industry on how to acquire follow-on professional services for the NAS Implementation Support Contract (NISC) currently held by Lockheed Martin and Washington Consulting Group.

- *Portable Performance Support System (PPSS)* — The FAA intends to provide aviation safety inspectors in remote locations with portable, microcomputer-based systems to directly access air operator technical and safety data.

b. Software Maintenance and Software Engineering Support Services
Type: TBD
The FAA requires software support services for its IBM Mdl 3082/3083 processor and maintenance support for portions of Air Traffic Control (ATC) operational software. Services will be performed at 20 Air Route Traffic Control Centers and the FAA's William J. Hughes Technical Center.

c. ITS Program Assessment Support
Type: IDIQ
The Federal Highway Administration (FHWA) has a continued requirement for program assessment support of the Intelligent Transportation System (ITS).

d. Aviation System Standards Technical Support Services Recompete (AVN II)
Type: IDIQ
The FAA intends to acquire ongoing technical services to develop and revise Aviation System Standards, designed to promote safety of flight by supporting air navigation facilities, flight procedures and maintenance and engineering of the flight inspection aircraft fleet.

e. Airport Surface Target ID System (ASTA)
Type: TBD
The FAA requires support services for its Airport Surface Target ID System program, which will provide technical solutions to improve airport surface traffic operations and help prevent runway incursions at 40 locations nationwide.

f. Operation and Maintenance Services Follow-On (OMS II)
Type: Cost Plus Award Fee
The U.S. Coast Guard intends to acquire continued operation and maintenance services in support of all computer systems housed at the Operation Systems Center (OSC) in Martinsburg, West Virginia.

g. En Route Software Development and Support (ERSDS III)
Type: Cost Plus Fixed Fee
The FAA has continuing requirements for all the necessary personnel, facilities, materials and services for software development and deployment support of the En Route subsystems within the National Airspace System.

h. Radar Support System (RSS)
Type: IDIQ
The FAA intends to acquire technical engineering services to provide continued development and enhancement of the Radar Support System (RSS), used for siting analysis and radar optimization.

i. Facilities Management for the Transportation Computer Center
Type: Cost Plus Fixed Fee
The Transportation Computer Center (TCC) in Washington, DC has a requirement for continued ADP support services, including mainframe, communication, application, microcomputer and LAN support.

j. Institutional ADP Support Services
Type: Cost Plus Award Fee
The Research and Special Programs Administration (RSPA), Volpe National Transportation Systems Center (VNTSC) intends to recompete its contract for institutional ADP support services.

k. Information Technology Support Services Recompete (ITSS)
Type: Cost Plus Award Fee
The Federal Highway Administration has a continuing requirement for professional and desktop information technology services to support its various Information Systems and Programs Division (ISPD) teams.

l. Aviation Systems Integration and Analysis Technical Support
Type: Cost Plus Fixed Fee
The FAA requires analytical, mathematical modeling and technical/engineering services to support the development of NAS system engineering and transition plans.

m. Procedural Development and Technical Support
Type: Time & Materials
The FAA intends to acquire continued procedural development and technical support services currently performed by Crown Communications.

n. National Departure Sequencing Program (DSP)
Type: TBD
The FAA requires RISC-based workstations, operating under UNIX with applications developed in C++ for its National Departure Sequencing Program, designed to assist tower controllers by sequencing aircraft departure times for airport runways.

o. National Driver Register (NDR)
Type: Firm Fixed Price
The National Highway Traffic Safety Administration will likely acquire timesharing services to support the National Driver Register, a central automated index that identifies people denied motor vehicle operating permits.

p. Next Generation Air/Ground Communications System
Type: TBD
The FAA is investigating the possibility of a new program to replace the air-to-ground system currently used for voice communications between pilots and air traffic controllers nationwide.

q. Advanced Qualification Program - Automated Information System (AQP)
Type: TBD
The FAA requires development services for an automated, relational information system to support both internal and external evaluations of advanced qualification program (AQP) participants. The system must support stand-alone, local and wide-area network (LAN/WAN) operations.

r. Standard Workstation IV Contract (SW IV)
Type: IDIQ
The USCG plans to recompete its Standard Workstation Contract currently held by Unisys. SW IV calls for approximately 25,800 workstations to be used for desktop publishing, accessing remote databases, document scanning, text retrieval and electronic mail, among others.

s. Technical Assistance Contract (TAC)
Type: TBD
The FAA's Mission Support Office is currently reviewing requirements for technical assistance services to cover all existing maintenance contracts.

t. Weather System Processor (WSP)
Type: TBD
The FAA has a need for the full-scale development of an add-on Weather System Processor (WSP). Hosted on existing FAA airport surveillance radars, the WSP must provide meteorological data in a similar format as the Terminal Doppler Weather Radar (TDWR), but at a lower cost.

u. Vessel Traffic System (VTS)
While the previous VTS 2000 acquisition has been canceled due to a lack of funding, the Coast Guard now intends to acquire commercial off-the-shelf (COTS) software systems to provide navigation information to the maritime community. COTS systems are intended to provide such services at lower installation and operating costs than previous VTS efforts.

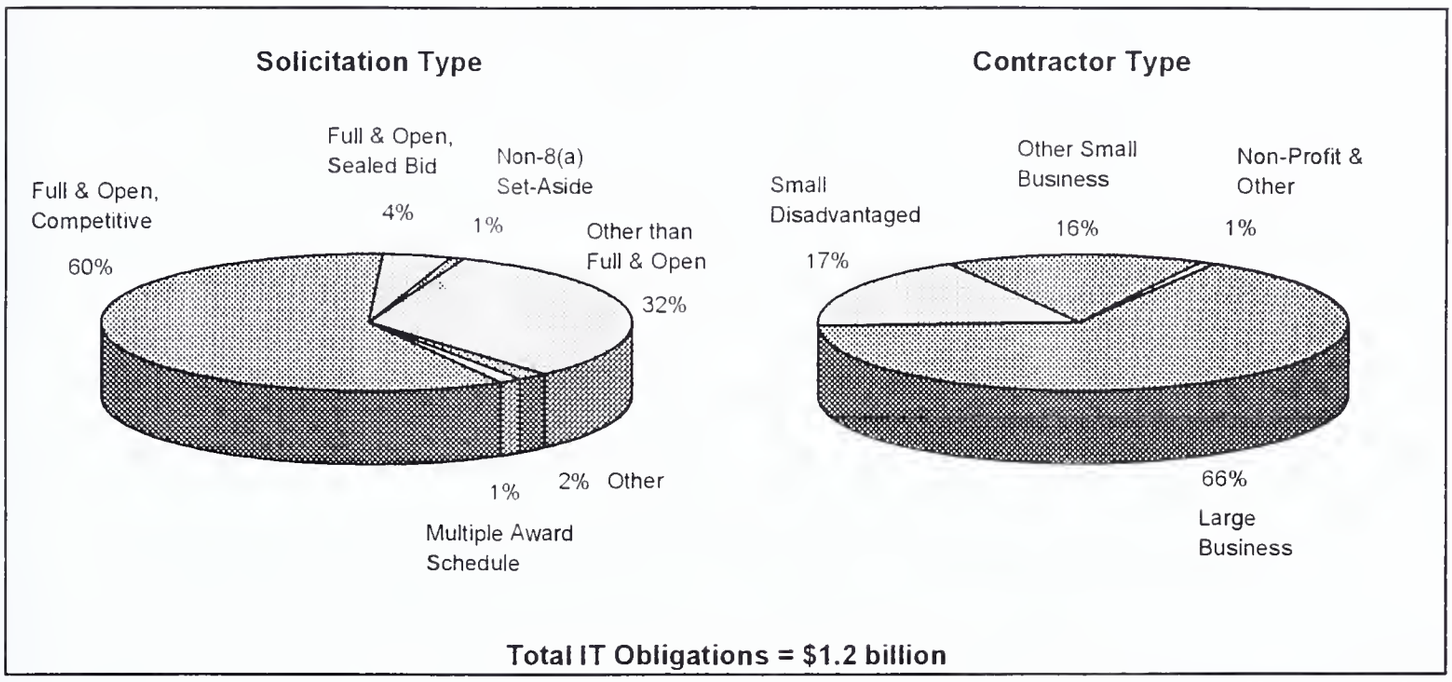
Transportation Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the Department of Transportation to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency from 4QFY 1995 to 3QFY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and foreign organizations, as well as state and local governments comprise the "non-profit and other" contractor component.

Exhibit 5

Acquisition Profile for the Department of Transportation
4QFY 1995 - 3QFY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of Transportation is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 54% of DOT's total IT obligations from 4QFY 1995 to 3QFY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between July 1, 1995 and June 30, 1996.

Exhibit 6

Top Contractors at Transportation
4QFY 1995 - 3QFY 1996

1. Unisys Corporation
2. Raytheon Company
3. Harris Corporation
4. Mitre Corporation
5. TRW, Inc.
6. GE Aerospace
7. E-Systems, Inc.
8. Piquniq Management Corporation
9. Hughes Aircraft Company
10. Concept Automation, Inc.

Source: FPDC

Exhibit 7

Top Department of Transportation Obligations by State
4QFY 1995 - 3QFY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$318,275	11. New Jersey	$13,335
2. Massachusetts	$206,342	12. Ohio	$11,871
3. Washington, DC	$179,456	13. New York	$7,163
4. Maryland	$156,711	14. Missouri	$6,131
5. Florida	$85,505	15. West Virginia	$5,889
6. Oklahoma	$51,264	16. Minnesota	$5,231
7. Texas	$50,093	17. Georgia	$4,246
8. California	$41,557	18. Washington	$3,463
9. Alaska	$34,210	19. Illinois	$2,446
10. Connecticut	$14,260	20. New Hampshire	$2,101

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

At least 58 major IT contracts are currently active at the Department of Transportation. Due to their volume, Exhibit 8 provides a brief overview of only those contracts with known values exceeding $50 million. Currently, the agency has 18 major indefinite delivery/indefinite quantity (IDIQ) contract vehicles in place, which have a potential combined life-time value of $3.6 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the Department of Transportation

Program	Type	Size	Description
1. Office Automation Technology Systems (OATS)	Hardware/ Software — IDIQ	$850M 8 yrs.	NCR provides office automation hardware, software conversion, equipment maintenance and training services for a Department of Transportation-wide office automation modernization effort. Awarded in December 1989.
2. Computer Resources Nucleus (CORN)	Hardware/ Software — IDIQ	$508M 10 yrs.	EDS provides the FAA with mainframe turnkey operations; delivers, installs, maintains and operates computer equipment and related inter-host communications; provides training, documentation, technical and analytical support; and it supports the conversion of existing applications. Awarded in February 1992.
3. Technical Support Services Contract	Professional Services — Cost Plus Fixed Fee	$202M 5 yrs.	Unisys provides ADP support services at the Volpe National Transportation Systems Center (VNTSC) located in Cambridge, Massachusetts. Awarded in August 1992.
4. National Airspace Implementation Support Contract (NISC)	Professional Services — Cost Plus Fixed Fee	$154M 7 yrs.	Lockheed Martin and Washington Consulting Group conduct studies and analyses of resource use and program evaluation in support of the FAA's Capital Investment Plan. Awarded in March 1993 and September 1996.
5. Alaskan NAS Interfacility Communications System Satellite Network (ANICS)	Network Services — Firm Fixed Price	$140M 10 yrs.	Harris provides the FAA with commercially available earth satellite station equipment, space segment and associated monitor and control systems to modernize the Alaskan National Airspace System (NAS). Awarded in July 1993.
6. Multiple Contractor Resource Base (OMNI)	Professional Services — IDIQ	$654M 5 yrs.	Eight contractors provide the Transportation Systems Center (TSC) in Cambridge, Massachusetts with technical support in four functional areas: operations research and analysis (ORA), information systems engineering (ISE), communication, navigation and surveillance (CNS) and vehicles, guideways and terminal systems (VGT). Awarded in August 1993.
7. National Driver Register (NDR)	Professional Services — Firm Fixed Price	$191M 5 yrs.	PRC provides the National Highway Traffic Safety Administration with an on-line, fully automated electronic information transfer system to identify people denied motor vehicle operating permits nationwide. Awarded in September 1993.
8. Systems Engineering and Technical Assistance for the Capital Investment Plan (SETA)	Professional Services — IDIQ	$150M 5 yrs.	TRW provides systems engineering and technical assistance for the FAA's Capital Investment Plan, an umbrella initiative to upgrade the National Airspace System. Awarded in September 1994.

Major Contracts at the Department of Transportation (cont.)

Program	Type	Size	Description
9. Mission Oriented Information Systems Engineering (MOISE)	Hardware/ Software — IDIQ	$100M 7 yrs.	CSC provides the USCG with computer hardware, software and systems integration to upgrade the Marine Safety Information System (MSIS), an automated information system that provides support to the operation, management and performance history records of vessels, equipment and facilities. Awarded in January 1995.
10. Technical Support Services Follow-On Contract (TSSC-II)	Professional Services — Cost Plus Fixed Fee	$264M 5 yrs.	Raytheon provides support for the implementation of the FAA's facilities and equipment programs in the aviation system Capital Investment Plan. Awarded in June 1995.
11. Technical Assistance Contract (TAC)	Professional Services — Time & Materials	$231M 5 yrs.	TRW provides financial management, data management, office automation and program control for the FAA's Advanced Automation Program (AAP) and Automation Program (ANA). Awarded in June 1995.
12. Standard Workstation III Project (FEDCAC 106)	Hardware/ Software — Firm Fixed Price	$188M 5 yrs.	Unisys provides the Coast Guard with basic, intermediate and advanced workstations for a variety of applications, including desktop publishing, accessing remote databases, document scanning, text retrieval and electronic mail. Awarded in June 1995.
13. En Route Software Development and Support (ERSDS II)	Professional Services — Cost Plus Fixed Fee	$207M 5 yrs.	CSC provides the FAA with personnel, facilities, materials and services for the software development and deployment support of En Route subsystems within the National Airspace System. Awarded in July 1995.
14. Oceanic System Development and Support (OSDS)	Professional Services — Various	$141M 8 yrs.	Hughes Aircraft provides services to consolidate FAA research and development support activities for the implementation of an oceanic air traffic control system. Awarded in September 1995.
15. Service Operations Support 3 and 4 (SOS3 & SOS4)	Professional Services — Cost Plus Fixed Fee	$63M 6 yrs.	Technical Management Assistance Corp. and Dimensions International supply the FAA Technical Center with engineering and technical support services for the National Airspace System. Awarded in March 1996.
16. Information Technology Omnibus Procurement (ITOP)	Professional Services — IDIQ	$1.1B 7 yrs.	17 contractors provide department-wide IT services and supplies in three functional areas: information systems engineering (ISE), systems/facilities management and maintenance (SFM) and information systems security (ISS). Awarded in May 1996.
17. Telecommunications Satellite System (FAATSAT)	Network Services — Firm Fixed Price	$165M 10 yrs.	MCI provides alternate communications channels and portable support services for FAA contingencies and broadcast applications, consolidating a variety of existing CONUS satellite services. Awarded in June 1996.

Major Contracts at the Department of Transportation (cont.)

Program	Type	Size	Description
18. Weather and Radar Processor (WARP)	Professional Services — Various	$73M 8 yrs.	Harris provides the FAA with follow-on WARP services, offering support of real-time air traffic control operations to the agency's meteorologists. Awarded in June 1996.
19. Standard Terminal Automation Replacement System (STARS)	Hardware/ Software — Unk.	$952M 5 yrs.	Raytheon provides the FAA with commercial off-the-shelf (COTS) terminal air traffic control automation systems to supplement the Advanced Automated System (AAS) contract held by Lockheed Martin. Awarded in September 1996.
20. ITS Program Assessment Support	Professional Services — IDIQ	$50M 5 yrs.	SAIC and Battelle Memorial Institute provide the Federal Highway Administration with technical support and program assessment of the Intelligent Transportation System (ITS). Awarded in September 1996.
21. GPS Wide Area Augmentation System (WAAS)	Professional Services — Firm Fixed Price	$484M 7 yrs.	While currently under protest by Wilcox Electric, Hughes provides the FAA with an augmentation system for increasing the accuracy of Global Positioning System (GPS) satellites to allow civilian aviation usage. Awarded in October 1996.
22. GPS Communication Services	Network Services — Unk.	$100M 10 yrs.	COMSAT provides satellite communication services to support testing of the FAA's GPS Wide Area Augmentation System program with Hughes. Leased channels are provided on Inmarsat-3 satellites that cover the western Atlantic and Pacific oceans. Awarded in December 1996.

Source: INPUT

Issues at Transportation

1. The Department of Transportation is accelerating its effort to expand civilian use of the Global Positioning System (GPS). Working with the Department of Defense and other federal agencies, DOT plans to assign a second civil frequency for GPS by February 21 of this year to allow greater use of the system by motor carriers, rail and transit systems, airlines and commercial shippers worldwide.

In addition to expanding its availability, the Department of Transportation has also taken several steps to ensure its reliability. While currently under protest by Wilcox Electric, Hughes recently landed a seven-year, $484 million contract for an augmentation system to increase the accuracy of GPS satellites for civilian aviation use. The Federal Aviation Administration also awarded a $100 million contract last month to COMSAT for communication services that allow GPS testing over the western Atlantic and Pacific Oceans.

2. The Coast Guard's Vessel Traffic Service (VTS) 2000 program was recently canceled due to a lack of funding from Congress. VTS 2000 was intended to improve the safe and efficient movement of maritime vessels in and around ports and to protect the environment through the use of remote surveillance sensors. Hughes, Lockheed Martin and Raytheon recently completed a $76 million competitive VTS development

contract in New Orleans, Louisiana, and the Coast Guard planned to construct new or improved VTS systems in as many as 16 additional ports using one of the three contractors — costing an estimated $260 to $310 million in federal funds to build and $42 million annually to operate.

Congress and GAO long claimed that the program presents large-scale uncertainties as to the future demand for the system and how much it will actually cost due to a lack of information on how many ports will operate VTS 2000. Several members of Congress, including Chairman of the House Appropriations Committee Rep. Robert L. Livingston (R-Louisiana) pushed to cancel VTS completely, although compromise was recently reached in the Senate by appropriating $1 million to study possibly less expensive systems. On January 15, 1997, the Coast Guard held the first of several planned meetings to identify the minimum capabilities VTS must incorporate to serve the needs of existing users. Future meetings will also establish the congressionally mandated national baseline of VTS operating requirements that will permit the use of existing commercial off-the-shelf (COTS) systems to minimize installation and operation costs.

3. The U.S. Coast Guard is continuing its efforts of nationwide downsizing and streamlining in the face of anticipated future budget cuts. Mandated by Presidential directive and internal quality standards, the Coast Guard is to cut 4,000 employees and save $400 million between fiscal years 1994 and 1998. The first two years of this endeavor witnessed cuts of approximately 2,300 civilian and military personnel, 15 cutters and 14 aircraft, which resulted in savings of roughly $149 million without altering the structure of the Coast Guard. For fiscal years 1996 and 1997, though employment has actually risen slightly from its 1995 level, the Coast Guard anticipates cutting an additional 1,400 people, three cutters, three aircraft and 23 small boat stations.

Structural changes to the Coast Guard are also on the menu in the immediate future. Washington, DC headquarters will be streamlined by strictly handling Coast Guard administration, policy, planning and resource allocation. Separate commands are being created by moving people away from headquarters, such as the creation of the Engineering and Logistics Center in Curtis Bay, Maryland and the National Maritime Center in Arlington, Virginia. By the end of fiscal year 1997, all Coast Guard operations will be moved from Governors Island in New York to avoid high property costs, and the Electronics Engineering Center in Wildwood, New Jersey is to be sold to avoid redundancy in loran and radar operations.

4. The FAA has long asserted that the procurement process under the FAR was adversely affecting its ability to acquire and update air traffic control systems. In order for the agency to ensure the safety of the nation's airways, Congress exempted the FAA from federal procurement regulations in April 1996. The FAA hopes that by instituting new procurement procedures, it can streamline its acquisition process and have modern, up-to-date systems in place in a reasonable amount of time.

Under the FAA's new procurement process, known as the Federal Aviation Administration Acquisition Management System (FAAAMS), a Screening Information Request (SIR) is released to outline the agency's requirements instead of an RFP. Responses to an SIR take the form of technical solutions to the requirements. After selecting a group of solutions that best satisfy the requirements, the FAA issues a second SIR in the form of cost proposals or BAFOs only to those "qualified" bidders.

The FAA has already awarded the FIP Support Services procurement under FAAAMS for its Technical Center in Atlantic City, New Jersey. The initial SIR was released in June 1996, with the award following only months later in September 1996. The FAA also awarded the $1 billion

STARS procurement six months from the release of the RFP through a down-select process similar to the new procurement methods.

5. In October 1996, the FAA held the first of a series of planned meetings to create an international on-line system for collecting and disseminating aviation safety data. The proposed system, known as Global Analysis and Information Network (GAIN), would be run by a privately owned and operated international consortium. While the architecture of GAIN has not been determined, a system prototype is scheduled for development in the spring of this year.

6. The Federal Transit Administration (FTA) is continuing the replacement of the Grants Management Information System with the Electronic Grants Making and Management (EGM&M) system, designed to speed grant processing for more than 800 urban transit agencies. With remote PC access, users of the new system are able to apply for FTA's $5 billion in federal transit grants, track the status of requests and administer related grant application tasks electronically. Pilots for EGM&M development have been underway since October 1994 and have largely proven successful. According to the FTA, the average time to process and accept a grant application has dropped from 60 to 8 days and average document volume was reduced from 130 pages to 8. System development for fiscal years 1997 and 1998 calls for a graphical interface and an on-line version.

7. The FAA is continuing to emphasize information technology to fulfill its ultimate responsibility of aviation safety. Two major focal points for the agency have been terminal automation system replacement and detection devices for explosives and weapons. In September of last year, the FAA took a large step toward realizing the first of these goals by awarding the $952 million Standard Terminal Automation Replacement System (STARS) program to Raytheon.

Using COTS computers, microprocessors and software, Raytheon is charged with modernizing and upgrading 331 terminal automation systems for both the FAA and the Department of Defense — creating an open system architecture for the first time to avoid obsolescence. Similar efforts include the FAA's Display Channel Complex Rehost (DCCR) project, the Advanced Automated System (AAS) program with Lockheed Martin and the installation of state-of-the-art digital communications switching and emergency electrical backup systems. While continued improvements to aging air traffic control systems are necessary, GAO notes that such upgrades have already hit cost overruns of approximately $4 billion since 1994 and many are implemented long after established time frames.

8. The Federal Highway Administration (FHWA), in conjunction with the National Highway Traffic Safety Administration (NHTSA) and the Federal Transit Administration, is continuing its effort to implement a nationwide Intelligent Transportation System (ITS). ITS is a broad initiative to use computer and communications technologies to address surface transportation challenges, such as congestion, travel safety and constrained agency budgets. Currently, the FHWA is in the process of developing ITS standards and protocols to facilitate interoperability, create a broad future vendor base and to deploy such technologies nationwide.

In September 1996, the FHWA awarded two contracts to SAIC and Battelle totaling $50 million to provide overall program assessment for ITS. Technical and program support includes cost and benefit analysis, field evaluations and studies on effective ITS deployment. The administration anticipates several future opportunities under the overall ITS initiative, and industry sources stress that this relatively obscure and ignored market will likely grow substantially over the next 15 years.

On-Line Information Resources

The Department of Transportation maintains a World Wide Web home page accessible at "http://www.dot.gov". Primarily a public relations site, information is available on DOT news and major initiatives — all in a searchable format. Links to Transportation's operating administrations are also provided for more detailed information on their respective programs and activities.

For business opportunities at DOT, individual administration home pages must be accessed. While many administrations do not post acquisitions electronically, the FAA and the FHWA have particularly useful sites. The FAA Office of Acquisition can be reached directly at "http://www.faa.gov/asu/cd/faaacq.htm". Posted are contracting opportunities and active contracts, in addition to documents that highlight acquisition reform and acquisition practices within the FAA. The agency also operates a number of electronic bulletin board systems, a comprehensive list and descriptions of which can be found at "http://www.faa.gov/faabbs.htm". Similar information can be found at "http://cti1.volpe.dot.gov/fhwa/forecast.html" for the Federal Highway Administration.

Major Points of Contact

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(202) 366-1111

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This Agency Profile is issued as part of INPUT's Federal IT Market Analysis Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

INPUT®

Agency Profile

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Department of Justice

Purpose

The Department of Justice (DOJ) serves as counsel for the citizens of the United States and represents them by enforcing the law in the public interest. The department's purpose is to safeguard against criminals, protect the interests of the consumer, ensure a competitive economic environment and enforce drug, immigration and naturalization laws. Moreover, DOJ conducts all suits in the Supreme Court in which the U.S. is concerned, and it renders legal advice and opinion to the President and to the heads of the executive departments, as requested.

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Organization

The Department of Justice was established by Act of June 22, 1870, as amended (28 U.S.C. 501, 503, 509 note).

The department is headed by the Attorney General, appointed by the President with the advice and consent of the Senate, who is principally aided by the Deputy Attorney General and the Associate Attorney General. Additional operational support is provided by the Chief of Staff, Inspector General, Solicitor General and the several Directors, Commissioners and Chairmen. Legal direction and counsel are provided by 11 Associate Attorneys General, who also oversee many of the department's divisions and policy offices.

The Department of Justice is a decentralized, field-oriented agency in which 11 executive offices, seven divisions, seven bureaus and four boards carry out its daily activities and legal proceedings. While most are headquartered in Washington, DC, each DOJ

bureau and division has multiple regional offices throughout the U.S. The Department of Justice is currently headed by Attorney General Janet Reno and employs approximately 109,800 people nationwide, a 6% increase from approximately 103,300 people at this time last year. Slightly less than 19% of DOJ's employees work in the Washington, DC area.

The organizational structure of the Department of Justice is presented in Exhibit 1.

Major Bureaus

Below are the primary bureaus within the Department of Justice and a brief description of their respective functions:

a. Federal Bureau of Investigation
The Federal Bureau of Investigation (FBI) is the principal investigative arm of the United States Department of Justice. It is charged with gathering and reporting facts, locating witnesses and compiling evidence in cases involving federal jurisdiction, except those that have been assigned by legislative enactment or otherwise to another federal agency. Its jurisdiction includes a wide range of responsibilities in the criminal, civil and security fields. Priority has been assigned to the five areas that affect society the most: organized crime/drugs, counterterrorism, white-collar crime, foreign counterintelligence and violent crime. The bureau also offers cooperative services such as fingerprint identification, laboratory examination, police training and the National Crime Information Center to authorized law enforcement agencies. The activities of the FBI are carried out among nine separate divisions:

- Criminal Investigative Division
- Criminal Justice Information Services Division
- Inspection Division
- Laboratory Division

Exhibit 1

Department of Justice Organization

Attorney General

Deputy Attorney General

Offices:

- Associate Attorney General
- Solicitor General
- Office of Policy Development
- Office of Legislative Affairs
- Office of Public Affairs
- Office of Information and Privacy
- Office of Legal Counsel
- Office of Inspector General
- Office of Intelligence Policy and Review
- Office of Professional Responsibility
- Office of the Pardon Attorney
- Executive Office for United States Attorneys
- Executive Office for United States Trustees
- Community Relations Service

Divisions:

- Civil Rights Division
- Civil Division
- Antitrust Division
- Tax Division
- Environment and Natural Resources Division
- Criminal Division
- Justice Management Division

Bureaus:

- Federal Bureau of Investigation
- Drug Enforcement Administration
- Bureau of Prisons
- Immigration and Naturalization Service
- United States Marshals Service
- U.S. National Central Bureau - INTERPOL
- Office of Justice Programs

Boards:

- United States Parole Commission
- Executive Office for Immigration Review
- Community Oriented Policing Services
- Foreign Claims Settlement Commission

Source: U.S. Government Manual 1996

- National Security Division
- Finance Division
- Personnel Division
- Information Resources Division
- Training Division

b. Bureau of Prisons
The mission of the Bureau of Prisons (BOP) is to protect society by confining offenders in the controlled environments of prisons and community-based facilities that are safe and appropriately secure. Under the direction of the Executive Office of the Director, the bureau performs its duties through the following organizations:

- Administrative Division
- Correctional Programs Division
- Health Services Division
- Human Resource Management Division
- Information, Policy and Public Affairs Division
- Community Corrections and Detention Division
- National Institute of Corrections
- Federal Prison Industries (UNICOR)

c. United States Marshals Service
The United States Marshals Service, established in 1789, serves as a vital link between the executive and judicial branches of government. Presidentially appointed marshals and their support staff of approximately 3,700 deputy marshals and administrative personnel operate from 427 office locations in all 94 federal judicial districts nationwide. The Marshals Service performs tasks that are essential to the operation of the federal justice system, such as providing support and protection for the federal courts, apprehending most federal fugitives, operating the federal Witness Security Program and maintaining custody of and transporting thousands of federal prisoners annually, among others.

d. United States National Central Bureau — International Criminal Police Organization
The U.S. National Central Bureau (USNCB) represents the United States in INTERPOL, the International Criminal Police Organization. INTERPOL is an association of 179 countries dedicated to promoting mutual assistance among law enforcement authorities in the prevention and suppression of international crime. USNCB provides an essential communication link between the U.S. police community and its counterpart in foreign member countries. The bureau also operates through cooperative efforts with federal, state and local law enforcement agencies with the purpose of broadening the scope of U.S. investigative resources. Key USNCB programs include the State Liaison Program and the Canadian Interface Project.

e. Immigration and Naturalization Service
The Immigration and Naturalization Service (INS) conducts operational programs in adjudication and nationality, inspections, investigations, detention and deportation, as well as U.S. border patrol. INS programs are divided into the following central mission responsibilities: facilitating entry of those people legally admissible to the U.S., granting benefits under the Immigration and Nationality Act, preventing improper entry and the granting of benefits to those not legally entitled to them, apprehending and removing those who enter or remain in the U.S. illegally and enforcing sanctions against those who conspire to subvert the requirements for selective and controlled entry into the U.S. Overall INS policy and executive direction flow from the Washington, DC headquarters office through three regional offices to 33 district offices and 21 border patrol sectors throughout the United States.

f. Drug Enforcement Administration
The Drug Enforcement Administration (DEA) is the lead federal agency in enforcing narcotics and controlled substances laws and regulations on a worldwide basis. Working closely with such agencies as the Customs Service, the Internal Revenue Service and the Coast Guard, the DEA presents cases to the criminal and civil justice systems of the United States on those significant organizations involved in controlled substances in an attempt to immobilize them. The administration also creates, manages and supports enforcement-related programs aimed at reducing the availability of and demand for controlled substances. Approximately 400 DEA compliance investigators enforce regulation of the legal manufacture and distribution of prescription drugs.

g. Office of Justice Programs
The Office of Justice Programs (OJP) was established by the Justice Assistance Act of 1984 to provide the federal leadership, coordination and assistance needed to make the nation's justice system more efficient and effective in preventing and controlling crime. To this end, OJP collects statistical data and conducts analyses, identifies emerging criminal justice issues, develops and tests innovative approaches to address these issues, evaluates program results and disseminates these findings to state and local governments. These activities are coordinated among five major OJP bureaus and offices:

- Bureau of Justice Assistance
- Bureau of Justice Statistics
- National Institute of Justice
- Office of Juvenile Justice and Delinquency Prevention
- Office for Victims of Crime

Program Activities

Due to the large number of offices, divisions and boards within the Department of Justice, only the principal divisions are discussed below to offer insight into the major DOJ program activities:

a. Antitrust Division
The Assistant Attorney General in charge of the Antitrust Division is responsible for promoting and maintaining competitive markets by enforcing the federal antitrust laws. Such enforcement, which is the principal function of the division, involves investigating possible antitrust violations, conducting grand jury proceedings, preparing and trying antitrust cases, prosecuting appeals and negotiating and enforcing final judgements. The division is also responsible for acting as an advocate of competition within the federal government. This involves formal appearances in federal administrative proceedings and the development of legislative initiatives to promote deregulation and eliminate unjustifiable exemptions from the antitrust laws. Furthermore, the Antitrust Division maintains liaison with foreign governments on antimonopoly laws and policies through the Department of State.

b. Civil Division
The Department of Justice Civil Division represents the United States, its departments and agencies, members of Congress, Cabinet officers and other federal employees in defending and enforcing federal programs and actions. The Civil Division litigates cases in all federal district courts, the U.S. Courts of Appeals, the U.S. Court of Federal Claims, other federal and state courts and the courts of foreign nations.

c. Civil Rights Division
The Civil Rights Division was established in 1957 to secure effective federal enforcement of civil rights. The division is the primary institution within the federal government

responsible for enforcing federal statutes prohibiting discrimination on the basis of race, sex, disability, religion and national origin.

d. Criminal Division
The Criminal Division develops, enforces and supervises the application of all federal criminal laws, except those specifically assigned to other divisions. In addition to its direct litigation responsibilities, the division formulates and implements criminal enforcement policy and provides legal advice and assistance to the Attorney General, Congress, the Office of Management and Budget and the White House on matters of criminal law. The Criminal Division also approves or monitors sensitive areas of law enforcement such as participation in the Witness Security Program and the use of electronic surveillance.

e. Environment and Natural Resources Division
The Environment and Natural Resources Division, formerly known as the Land and Natural Resources Division, enforces civil and criminal environmental laws in order to protect citizens' health and the environment. The division defends environmental challenges to government activities and programs, and it ensures the consistent implementation of environmental laws nationwide. It also represents the United States in all matters concerning the protection, use and development of the nation's natural resources and public lands, wildlife protection, Indian rights and claims, as well as the acquisition of federal property.

f. Tax Division
The Tax Division represents the United States and its officers in all civil and criminal litigation arising under the internal revenue laws, other than proceedings in the United States Tax Court. While the division's primary client is the Internal Revenue Service, it also represents federal officials and employees in actions arising out of the performance of their official duties, and it represents other federal departments and agencies in their dealings with state and local tax authorities.

g. Justice Management Division
Under the direction of the Assistant Attorney General for Administration, the Justice Management Division provides department-wide policy assistance to senior DOJ management officials on matters related to evaluation, budget and financial management, personnel management and training, ADP and telecommunications, security, records management, procurement, real property and materiel management, among others. In addition to policy assistance, the division provides direct administrative support services in each of the aforementioned categories and operates several centralized ADP services for the Department of Justice.

Program Budget

Total federal funding for the Department of Justice is expected to increase 35% from $12.9 billion in 1995 to $17.3 billion in 1997. Committed to fighting crime, the Clinton Administration called for substantial increases in all DOJ program accounts, with the minor exception of interagency law enforcement. Notable increases in program funding from fiscal year 1995 to fiscal year 1997 are for general administration (up 44%), the FBI (up 25%), the INS (up 45%), the Federal Prison System (up 29%) and the Office of Justice Programs (up 88%).

The program budget for the Department of Justice is presented in Exhibit 2. These figures represent net federal funds, accounting for offsetting collections and changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Department of Justice

Program Accounts and Selected Activities	FY 1995 (actual)	FY 1996 (estimate)	FY 1997 (estimate)
General Administration	**$1,580**	**$1,957**	**$2,270**
United States Parole Commission	**7**	**5**	**5**
Legal Activities	**2,760**	**2,695**	**3,005**
Radiation Exposure Compensation	**2**	**3**	**32**
Interagency Law Enforcement	**376**	**360**	**372**
Law Enforcement	278	268	277
Drug Intelligence	19	13	14
Prosecution	77	77	80
Federal Bureau of Investigation	**2,280**	**2,514**	**2,856**
Criminal, Security and Other Investigations	1,340	1,485	1,638
Law Enforcement Support	440	531	556
Program Direction	124	113	119
Health Care Fraud Enforcement	38	38	38
Drug Enforcement Administration	**839**	**853**	**1,009**
Enforcement	471	414	414
Investigative Support	229	245	316
Program Direction	78	67	85
Immigration and Naturalization Service	**2,115**	**2,647**	**3,069**
Enforcement	828	1,068	1,299
Citizenship and Benefits	6	7	9
Immigration Support	156	166	209
Program Direction	99	96	105
Federal Prison System	**2,557**	**2,972**	**3,286**
Inmate Care and Programs	839	984	1,086
Institution Security and Administration	1,068	1,230	1,340
Contract Confinement	179	229	1,340
Program Direction	110	112	115
Office of Justice Programs	**1,269**	**2,303**	**2,388**
Justice Assistance	105	105	123
Violent Crime Reduction Programs	743	1,405	1,927
State and Local Law Enforcement Assistance	62	388	NA
Juvenile Justice Program	150	143	144
Crime Victims Fund	179	231	165
Total Federal Funds	**12,865**	**15,424**	**17,326**

All figures in $ Millions *Source: Budget of the United States Government FY1997, February 5, 1996*

Information Technology Budget

The Department of Justice's information technology (IT) budget is anticipated to sustain a moderate 5% compound annual growth rate (CAGR) from 1996 to 2001. Particularly strong growth is likely in capital purchases and leases of software, respectively increasing 8% and 10% annually over the next five years. Growth in DOJ's spending on commercial services — those used to support equipment, software and processing and telecommunications services — will be the driving force behind the overall IT budget increase, comprising almost half of the department's total IT spending and growing 8% annually from $432 million in 1996 to $643 million in 2001.

Also of note is the contracted out portion of the IT budget, which comprised 85% of the total budget in 1996 and is expected to comprise 90% in 2001. The information technology budget of the Department of Justice is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies. Exhibit 4 highlights the IT budget distribution among Justice's bureaus and offices.

Exhibit 3

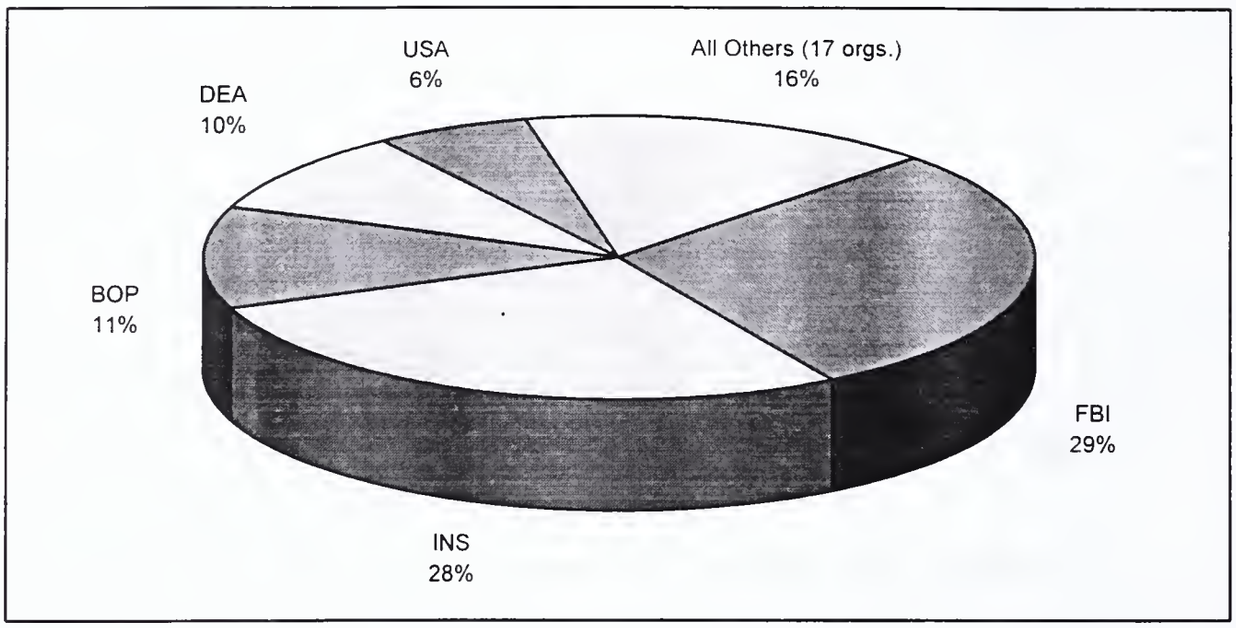
Information Technology Budget of the Department of Justice

Category	1996	1997	1998	1999	2000	2001	CAGR 1996-2001
Equipment:							
Capital Purchases	$248	$226	$235	$247	$262	$280	2%
Other Purchases and Leases	39	41	42	44	47	50	5%
Total Equipment	**287**	**267**	**277**	**291**	**309**	**330**	**3%**
Software:							
Capital Purchases	57	62	65	70	76	82	8%
Other Purchases and Leases	9	11	12	12	13	15	10%
Total Software	**65**	**73**	**77**	**82**	**89**	**97**	**8%**
Services (Processing and Telecom.)	**77**	**83**	**87**	**91**	**96**	**103**	**6%**
Support Services	**432**	**448**	**483**	**527**	**579**	**643**	**8%**
Supplies	**12**	**9**	**9**	**10**	**10**	**11**	**-2%**
Personnel	**145**	**157**	**151**	**142**	**130**	**117**	**-4%**
Contracted Out Portion of IT Budget	**873**	**884**	**939**	**1,006**	**1,089**	**1,190**	**6%**
Total IT Budget	**1,030**	**1,049**	**1,098**	**1,157**	**1,229**	**1,318**	**5%**

All figures in $ Millions *Source: Department of Justice and INPUT*

Exhibit 4

Department of Justice IT Budget Distribution
FY 1997



Source: Department of Justice and INPUT

IT Contract Opportunities

The Department of Justice is currently pursuing at least 29 major IT acquisitions. Due to their volume, only those procurements in the presolicitation phase are summarized below:

a. Agency-Wide Maintenance Contract Recompete (ASSIST II)
Type: IDIQ
The Drug Enforcement Administration (DEA) has continuing requirements for agency-wide hardware maintenance services, "help-desk" support, relocation and installation services.

b. Technical Support and FIP Resources
Type: TBD
The DEA's New York Field Division and other specified offices require hardware, software, telecommunications equipment, maintenance, training and office automation capabilities to meet their technical support and FIP resource requirements.

c. EPIC Computer Related Services
Type: Firm Fixed Price
The DEA has ongoing requirements for computer systems technical and operational support, configuration management and installation and network support services for its El Paso Intelligence Center (EPIC) in El Paso, Texas.

d. ADP Analysis and Data Entry to Support NADDIS (NADDIS)
Type: Labor Hour
The DEA intends to acquire ADP analysis and data entry services to support its Narcotics and Dangerous Drug Information System (NADDIS).

e. Automated Nationwide Central Intake Facility Support Services (NCIF)
Type: Firm Fixed Price
The Department of Justice requires financial management systems support, as well as operation, processing, maintenance and report generation services for the NCIF debt collection system.

f. MEGA II
Type: IDIQ
The Department of Justice has continuing requirements for automated litigation services to support the Environment and Natural Resources Division (ENRD), the Executive Office of U.S. Attorneys (EOUSA) and the Tax Division.

g. National Criminal Justice Network (NCJN)
Type: TBD
This program will consolidate all Department of Justice network systems, with the exception of the Federal Bureau of Investigation's (FBI) secure network, into a common network.

h. Law Enforcement Wireless Communications Network (LEWCN)
Type: TBD
The FBI intends to acquire network and telecommunications services to support the creation of LEWCN, a National Performance Review (NPR) initiative to improve access to and dissemination of federal, state and local law enforcement information.

i. Commercial Scanners for FBI
Type: IDIQ
The FBI will acquire OCR scanners, document feeders, OCR processing cards and related software to be used at FBI headquarters and field offices. This vehicle will be open to other DOJ offices as well.

j. Joint Automated Booking Station (JABS)
Type: TBD
The Department of Justice intends to develop an automated booking station for federal, state and local law enforcement agencies. JABS is an NPR initiative intended to speed the processing of prisoner information.

k. FOIPA Document Processing System (FDPS)
Type: TBD
While currently on hold, the FBI will likely have a requirement for an image-based document processing system to support up to 400 users for its Freedom of Information/ Privacy Act (FOIPA) requests.

l. Justice Laptops II
Type: IDIQ
The Department of Justice intends to establish a contract vehicle for acquiring laptop computers and related equipment needed for the current and future portable information processing needs of the FBI and other DOJ offices.

m. ADP Facilities Management
Type: TBD
The Antitrust Division (ATR) has a requirement for professional facilities management services to include, among others, systems operation and administration, user training and assistance, equipment maintenance and LAN and WAN management.

n. Facilities Operations and Hardware Maintenance Support (FOS/HM)
Type: IDIQ
The Immigration and Naturalization Service (INS) has a continuing requirement for consolidated field office support (FOS) and hardware maintenance services.

o. Non-Immigrant Information System Recompete (NIIS)
Type: TBD
The INS has ongoing professional services requirements for data entry and conversion of Non-Immigrant Information System (NIIS) information to be accessible through the Treasury Enforcement Communications System (TECS).

p. Information Technology Partnership Recompete (ITP)
Type: Cost Plus Award Fee
The INS' Office of Information Resource Management (OIRM) is expected to acquire continued services to assist in mission activities and provide the infrastructure for its overall data processing environment.

q. Automated Fingerprint Identification System (IDENT)
Type: TBD
The INS intends to acquire support services to develop the remote access IDENT system (formerly AFIS), intended to aid border patrols by automating the manual paperwork-intensive process of positively identifying repeat illegal entrants and aliens wanted by other law enforcement agencies.

r. INS Service Centers Support Recompete
Type: IDIQ
The Immigration and Naturalization Service has a continuing requirement for data entry, mail and file support services for its INS Service Centers in New York, Nebraska, Texas and California.

s. Special Purpose Processing Equipment II (SPPE II)
Type: IDIQ
While currently on hold, the INS will likely acquire commercial workstations, peripherals, imaging and optical technologies and support services for its unique processing applications.

t. Personal Workstation Acquisition II (PWAC II)
Type: IDIQ
The Immigration and Naturalization Service intends to acquire follow-on general purpose office automation equipment and support services that are currently supplied through the PWAC contract held by Telos.

u. Application Software Development, Maintenance and Technical Assistance for the IBM AS/400
Type: IDIQ
The Department of Justice Civil Division has a continuing need for application system requirements analysis, system design, development and maintenance for its IBM AS/400.

v. Minicomputer System
Type: IDIQ
The Department of Justice Federal Prison Industries (UNICOR) has a requirement for minicomputer system hardware and software to support its Management Control System (MCS).

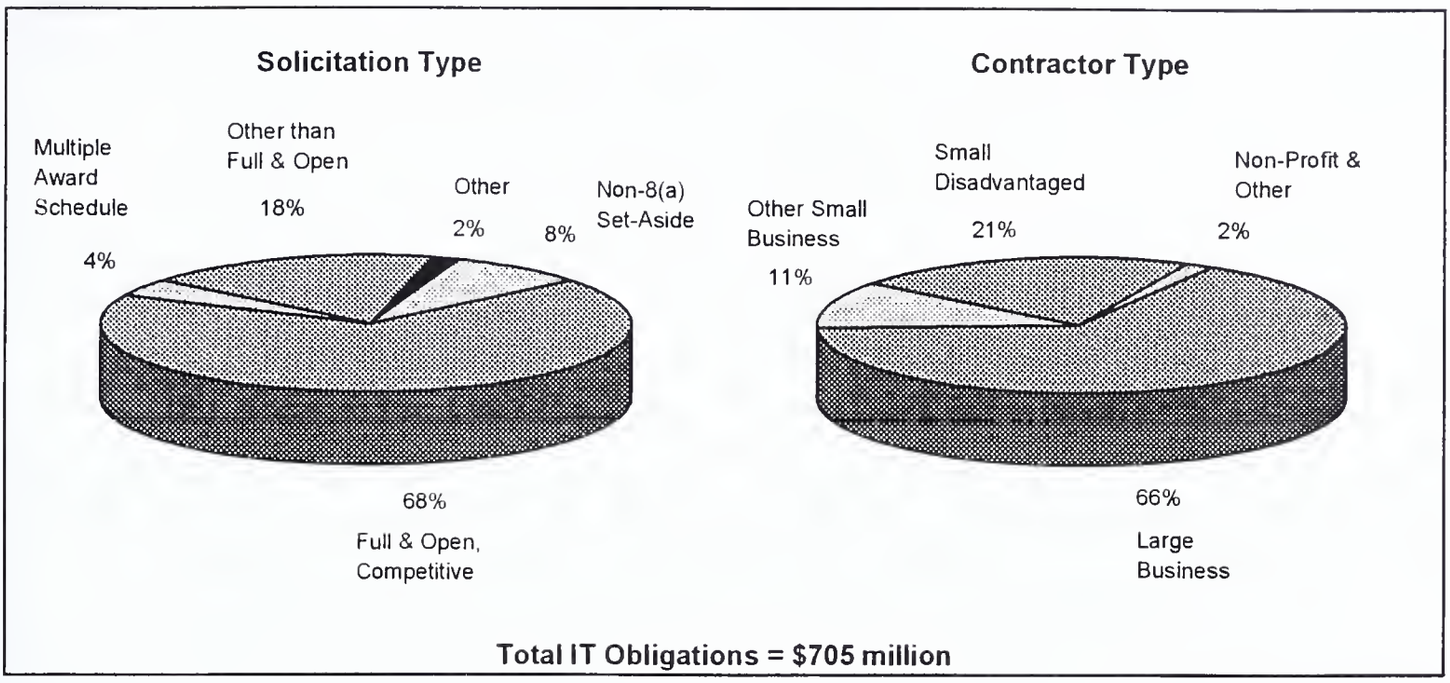
Justice Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the Department of Justice to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency from 4QFY 1995 to 3QFY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and foreign organizations, as well as state and local governments comprise the "non-profit and other" contractor component.

Exhibit 5

Acquisition Profile for the Department of Justice
4QFY 1995 - 3QFY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of Justice is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 81% of DOJ's total IT obligations from 4QFY 1995 to 3QFY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between July 1, 1995 and June 30, 1996.

Exhibit 6

Top Contractors at Justice
4QFY 1995 - 3QFY 1996

1. Electronic Data Systems Corporation
2. Telos Corporation
3. Justice Technology Partners†
4. Lockheed Martin Corporation
5. Motorola, Inc.
6. ITC/CAI Joint Venture
7. Aspen Systems Corporation
8. Dynamic Decisions
9. Labat-Anderson, Inc.
10. International Data Products Corporation

Source: FPDC

† Justice Technology Partners is a joint venture involving I-NET, International Data Products and Federal Computer Corporation

Exhibit 7

Top Department of Justice Obligations by State
4QFY 1995 - 3QFY 1996

State	IT Obligations	State	IT Obligations
1. Washington, DC	$247,198	11. Minnesota	$3,804
2. Virginia	$184,157	12. North Carolina	$2,258
3. Maryland	$140,035	13. Arizona	$2,202
4. California	$31,300	14. Michigan	$2,125
5. New York	$22,038	15. Massachusetts	$1,701
6. Texas	$17,194	16. Illinois	$1,643
7. Florida	$14,345	17. Washington	$1,303
8. Wisconsin	$11,727	18. Pennsylvania	$1,162
9. North Dakota	$9,347	19. Ohio	$957
10. New Jersey	$4,546	20. Iowa	$791

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

At least 42 major IT contracts are currently active at the Department of Justice. Due to their volume, Exhibit 8 provides a brief overview of only those contracts with known values exceeding $50 million. Currently, the agency has 21 major indefinite delivery/ indefinite quantity (IDIQ) contract vehicles in place, which have a potential combined life-time value of $3.4 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the Department of Justice

Program	Type	Size	Description
1. Litigation Support Services (LSUP)	Professional Services — IDIQ	$450M 5 yrs.	Acumenics, Aspen Systems and CACI provide litigation support services needed to automate the litigation processes for the Department of Justice Environment and Natural Resources Division. Awarded in February 1993.
2. National Crime Information Center 2000 (NCIC 2000)	Professional Services — Various	$256M 15 yrs.	Harris provides personnel, software, maintenance, equipment and other support services for the design, development, building, installation and temporary support of the FBI's National Crime Information Center. Awarded in March 1993.
3. Commercial Intelligent Workstations (CIWS)	Hardware/ Software — IDIQ	$128M 5 yrs.	Justice Technology Partners (I-NET, International Data Products and Federal Computer Corp.) provides commercial intelligent workstations and software in support of the FBI's Field Office Information Management System (FOIMS) initiative. Awarded in December 1993.
4. IAFIS Integration Support (IAFIS IS)	Professional Services — IDIQ	$140M 7 yrs.	CTA manages the overall systems integration of the FBI's Integrated Automated Fingerprint Identification System (IAFIS) with existing operational and developmental programs. Awarded in February 1994.
5. IAFIS Identification Tasking and Networking (ITN)	Network Services — Firm Fixed Price	$76M 8 yrs.	PRC provides the FBI with hardware and software for the Identification Tasking and Networking system in support of the Integrated Automated Fingerprint Identification System. Awarded in April 1994.
6. Information Technology Partnership (ITP)	Professional Services — Cost Plus Award Fee	$300M 5 yrs.	EDS provides the INS with planning, development, acquisition and life-cycle maintenance of its automated systems to support multiple mission functions. Awarded in August 1994.
7. IAFIS Interstate Identification Index (III)	Professional Services — Various	$215M 8 yrs.	SAIC provides hardware, software, development, testing, training and maintenance for the Interstate Identification Index component of the Integrated Automated Fingerprint Identification System. Awarded in August 1994.
8. Personal Workstation Acquisition (PWAC)	Hardware/ Software — IDIQ	$109M 5 yrs.	Telos provides a wide range of COTS hardware and software products and related life-cycle support services to meet INS requirements for local processing resources, connectivity, extended interoperability and automation tools. Awarded in September 1994.

Major Contracts at the Department of Justice (cont.)

Program	Type	Size	Description
9. Commercial Portable Computers (CPC)	Hardware/ Software — IDIQ	$50M 6 yrs.	International Data Products provides software and approximately 8,200 commercial laptops and notebook computers in support of the FBI's Field Office Information Management System initiative. Awarded in September 1994.
10. Agency-Wide Maintenance Contract (ASSIST)	Professional Services — IDIQ	$100M 5 yrs.	Unisys provides hardware maintenance, "help-desk" support, relocation and installation services for the Drug Enforcement Administration on a worldwide basis. Awarded in December 1994.
11. INS Service Centers Services	Professional Services — IDIQ	$443M 5 yrs.	Labat-Anderson provides data entry, mail and file support services for the INS Eastern Service Center in St. Albans, NY, the Northern Service Center in Lincoln, NE, the Southern Service Center in Dallas, TX and the Western Service Center in Laguna Niguel, CA. Awarded in April 1995.
12. IAFIS Automated Fingerprint Identification System Phase III (AFIS III)	Professional Services — Various	$109M 8 yrs.	Lockheed Martin is developing the core fingerprint matching software for the FBI's Integrated Automated Fingerprint Identification System. Awarded in January 1996.
13. Justice Consolidated Office Network System Integration (JCON SI)	Professional Services — IDIQ	$500M 7 yrs.	GTE provides integration services for JCON, a legal office automation system for the Justice Management Division and DOJ's six litigating organizations: Antitrust, Civil, Civil Rights, Criminal, Environment and Natural Resources and Tax Divisions. Awarded in March 1996.
14. Information Technology Support Services (ITSS)	Professional Services — IDIQ	$878M 5 yrs.	Antion (Ogden), BDM, CACI, DynCorp, Keanne Federal, Logicon Syscon, Mantech and Vitro provide department-wide ADP support services via the Justice Management Division. Awarded in September 1996.
15. MEGA I Automated Litigation Support Services	Professional Services — IDIQ	$375M 5 yrs.	Aspen Systems, CACI, DynCorp and Rust Federal provide computer and micrographic technologies to automate document collections for the DOJ Civil, Criminal, Civil Rights and Antitrust Divisions, as well as other federal agencies nationwide. Awarded in November 1996.

Source: INPUT

Issues at Justice

1. The Department of Justice has long used automated litigation support (ALS) to enable its attorneys to effectively manage and control case-related information. ALS utilizes computer and micrographic technologies to acquire, organize, screen, microfilm, reproduce, code, key and research evidentiary document collections associated with major litigation. In November 1996, the Justice Department awarded one of its largest ALS contracts to date — MEGA I — to four vendors. Under the $375 million IDIQ program, CACI, Aspen Systems, DynCorp and Rust Federal Systems satisfy the ALS services requirements for the Civil, Criminal, Civil Rights and Antitrust Divisions of the DOJ.

While computer systems and operations typically only comprise 20% to 30% of litigation support contracts, the remainder going to legal specialists and other human resources, the automation tools under MEGA I are expected to greatly increase the efficiency of litigation support spending within the four Justice divisions. Historically, the Civil Division has spent roughly $25 million per year on such support, the Criminal Division $1.5 million, the Civil Rights Division $2.5 million and the Antitrust Division $5 million per year. In May of this year, the Department of Justice is expected to release the $75 million MEGA II solicitation, which will acquire ALS for the Environment and Natural Resources Division, the Tax Division and the Executive Office of U.S. Attorneys.

2. The Department of Justice plans to take full advantage of its new authority under the Information Technology Management Reform Act (ITMRA) of 1996 in confronting department-wide obstacles to effective information resources management.

According to the *U.S. Department of Justice IRM Strategic Plan*, significant challenges in the acquisition and deployment of IT to support the department mission include:

- Controlling security risks to computers and information across multiple, interconnected systems
- The likelihood of radical change in the telecommunications market and IT acquisition policy
- Dramatic increase in demand for department-wide email, imaging and information sharing
- Volatile information and systems requirements as technology and business processes continue to change
- A need to develop new methods of assessing IT performance and results
- Difficulty in recruiting and keeping qualified IRM professionals as the private sector becomes more lucrative

The Department of Justice intends to focus primarily on a phased systems procurement approach as mandated by ITMRA to address many of these IRM challenges. According to the agency's IT officials, this will involve changing the existing paradigm of procurement practices, developing an overall department architecture, drafting a capital investment plan and providing increased internal oversight.

3. Throughout 1996 and continuing into 1997, the Department of Justice has been actively involved in the reform process of affirmative action in federal procurement. While the Federal Acquisition Streamlining Act (FASA) of 1994 extended authority to conduct various race-conscious procurement activities to all federal agencies, the Justice Department recently developed a government-wide model to amend affirmative action provisions of the Federal

Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS). The focus of small disadvantaged business (SDB) reform involves five major topics:

- Certification and eligibility
- Benchmark limitations
- Mechanisms for increasing minority opportunity
- Interaction of benchmark limitations and mechanisms
- Outreach and technical assistance

The DOJ proposal requires that agencies use race-neutral alternatives to the maximum extent possible at all times. An annual review mechanism would be established within all agencies to ensure the maximum use of such race-neutral efforts, as well as to ensure minority contracting does not fall below levels that would be anticipated absent discrimination. More details on SDB reform are available on the Internet at "http://www.usdoj.gov/jmd/pss/".

4. In order to take advantage of improved networking and transmission technologies, the Department of Justice plans to implement the National Criminal Justice Network (NCJN). The estimated $200 million effort, previously known as the Justice Consolidated Network, will consolidate the department's current stove-piped systems into a common network, with the exception of the FBI's secure network. The sharing of large trunks and the use of common switching and concentration facilities are expected to reduce significantly the maintenance cost of network hardware. Additional benefits include consolidated network management and enhanced security by using standard, centrally managed encryption devices. Currently, the Department of Justice is assembling a program team to identify necessary requirements for NCJN, and INPUT speculates the release of a full and open RFP in March of this year.

5. Mandated by Congress, the Federal Bureau of Investigation released its second notice of telephone system capacity requirements for electronic surveillance on January 14. The Communications Assistance for Law Enforcement Act (CALEA) of 1994 requires telephone companies to ensure that their systems and networks have both the capability and capacity to accommodate all federal, state and local law enforcement agencies' court-approved intercepts in light of new or changing technology that could otherwise prevent electronic surveillance. This particular notice identifies the number of simultaneous communication interceptions that may be needed by all law enforcement agencies in a given geographic area as of October 1998, the maximum being 57,749 interceptions nationwide. Congress authorized $500 million in 1994 to assist telephone companies in making necessary adjustments to existing networks, of which $100 million has been appropriated to date.

6. The Department of Justice is moving forth with its investigation into Microsoft's competitive practices in the World Wide Web browser market. As early as 1995, Netscape Communications Corp. alleged that its competitor violated antitrust laws by employing hidden incentives and penalties to convince PC manufacturers and Internet service providers to offer the Microsoft browser instead of Netscape's. In September 1996, DOJ requested documents from Microsoft concerning its browser agreements, and in December the department requested the same of Netscape.

On-Line Information Resources

The Department of Justice maintains a World Wide Web home page accessible at "http://www.usdoj.gov". Primarily a public relations site, information is available on department news, issues and major program initiatives. Links to DOJ's offices, bureaus and divisions are also provided for more detailed public affairs information.

Few on-line resources are available for business opportunities at the Department of Justice. The Procurement Planning and Policy Group of the Justice Management Division does maintain the DOJ Acquisition Home Page at "http://www.usdoj.gov/jmd/pss/acquistn.htm", which offers acquisition news, solicitation announcements, a link to the Justice Electronic Mall and links to procurement resources within the various DOJ offices and bureaus. Department of Justice grant information can be found on the Web at "http://www.usdoj.gov/grants.html". However, these procurement and grant resources do not isolate information technology requirements, and a fair amount of searching is needed to find such opportunities.

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This Agency Profile is issued as part of INPUT's Federal IT Market Analysis Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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Agency Profile

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Department of the Interior

Purpose

The Department of the Interior (DOI) is responsible for managing much of the nation's natural resources and its federally owned public lands. As the principal federal conservation agency, the DOI has jurisdiction over approximately 450 million acres of public land. The department fosters sound use of land and water resources, protects fish, wildlife and biological diversity, and it preserves the environmental and cultural attributes of national parks and historical sites. Furthermore, the department has responsibility for Native American reservation communities and other island territories owned by the United States.

Table of Contents

Organization

The Department of the Interior was created by Act of March 3, 1849 (43 U.S.C. 1451) and was organized into its present form by Reorganization Plan No. 3 of 1950, as amended (5 U.S.C. app.).

DOI is headed by the Secretary of the Interior, who reports directly to the President and is responsible for the direction and supervision of all operations and activities of the department. The Office of the Secretary includes the offices of the Deputy Secretary, the five Assistant Secretaries, the Special Trustee for American Indians, the Solicitor and the Inspector General, among others. Assistant Secretaries have direct oversight of the department's bureaus and exercise the Secretary's authority in five major areas: fish and wildlife and parks, water and science, land and minerals management, Indian affairs and policy, management and budget.

The department's jurisdiction over natural resources and public lands is divided among nine bureaus. The Directors and Commissioners of these bureaus report directly to the respective Assistant Secretaries and assist in advising on policy and issues as it pertains to their bureau.

The Department of the Interior is currently administered by Secretary Bruce Babbitt and employs approximately 71,000 people nationwide, a 7% reduction from approximately 76,400 people at this time last year. Slightly more than 11% of Interior's employees are located in the Washington, DC area. The functions of the Department of the Interior are carried out at its Washington, DC headquarters and at the various headquarters and regional offices of its bureaus.

The organizational structure of the Department of the Interior is presented in Exhibit 1.

Program Activities

Below are the primary organizations within the Department of the Interior, which provide insight to the agency's major program activities:

a. United States Fish and Wildlife Service
The U.S. Fish and Wildlife Service (FWS) is responsible for migratory birds, endangered species, certain marine mammals and inland sport fisheries. Its mission is to conserve, protect and enhance fish and wildlife and their habitats. Within this framework, the service strives to advance ecological principles and scientific knowledge of wildlife, works with state authorities to improve the conservation and management of the nation's fish and wildlife resources, and it administers a national educational program to foster public understanding and wise use of these resources.

Exhibit 1

Interior Organization

Secretary of the Interior

Deputy Secretary

Secretariat:

- Assistant Secretary - Fish and Wildlife and Parks
- Assistant Secretary - Indian Affairs
- Assistant Secretary - Water and Science
- Assistant Secretary - Land and Minerals Management
- Assistant Secretary - Policy, Management and Budget and Chief Financial Officer
- Solicitor
- Inspector General
- Executive Secretariat
- Congressional and Legislative Affairs
- Insular Affairs
- Communications
- Office of Special Trustee for American Indians
- Hearings and Appeals
- Small and Disadvantaged Business Utilization

Bureaus:

- Bureau of Indian Affairs
- Bureau of Land Management
- Bureau of Reclamation
- National Park Service
- National Biological Service
- U.S. Fish and Wildlife Service
- Minerals Management Service
- U.S. Geological Survey
- Office of Surface Mining Reclamation and Enforcement

Source: U.S. Government Manual 1996/1997

The service is composed of a headquarters office in Washington, DC, seven regional offices and a variety of field units and installations. These include more than 500 national wildlife refuges and 166 waterfowl production areas totaling more than 92 million acres, 78 national fish hatcheries and a nationwide network of wildlife law enforcement agents.

b. National Park Service
The National Park Service (NPS) is dedicated to conserving the natural and cultural resources and values of the National Park System, which is composed of more than 365 parks, monuments, historic sites and other units. The service is also responsible for managing a variety of national and international programs designed to help extend the benefits of natural resource conservation. The National Park Service's Service Center in Denver provides planning, architectural, engineering and other professional services to implement park management plans and administer the various programs under its jurisdiction.

c. National Biological Service
The National Biological Service (NBS) became operational on November 11, 1993 through the transfer of certain functions from existing Interior bureaus. The mission of NBS is to provide the scientific understanding and technologies needed to support the sound management and conservation of our nation's biological resources. To accomplish this mission, NBS undertakes research, inventory and monitoring, information sharing and technology transfer activities. It also establishes partnerships with other federal, state and local agencies, as well as educational and private organizations to bring coherence to otherwise largely uncoordinated management and conservation efforts.

d. United States Geological Survey
The U.S. Geological Survey (USGS) is primarily responsible for investigating and assessing the nation's land, water, energy and mineral resources. It also conducts research on global change and investigates natural hazards such as earthquakes, volcanoes, landslides, floods and droughts. To attain these objectives, USGS prepares maps and digital and cartographic data, collects and interprets data on energy and mineral resources, and it conducts nationwide assessments of the quality, quantity and use of the nation's water resources. Furthermore, the Geological Survey performs applied research in the sciences and techniques involved in attaining its mission and publishes and disseminates the results of its investigations.

e. Office of Surface Mining Reclamation and Enforcement
The primary goal of the Office of Surface Mining Reclamation and Enforcement (OSM) is to assist states in operating a nationwide program that protects society and the environment from the adverse effects of coal mining, while ensuring that surface coal mining can be done without permanent damage to land and water resources. With most coal-mining states responsible for regulating coal mining and reclamation activities within their borders, OSM's main objectives are to oversee state mining regulatory and abandoned mine reclamation programs, assist states in meeting the objectives of the surface mining law and regulate mining and reclamation activities on federal and Indian lands, as well as in those states choosing not to assume primary responsibility for such activities.

f. Bureau of Indian Affairs
The objective of the Bureau of Indian Affairs (BIA) is to encourage and assist Indian and Alaska Native people to manage their own affairs under the trust relationship to the federal government. It also facilitates, with maximum involvement of Indian and Alaska Native people, full development of their natural resource potential and promotes self-determination by utilizing the skill and capabilities of Indian and Alaska Native people in the direction and management of programs for their benefit.

g. Minerals Management Service
The Minerals Management Service (MMS) is responsible for offshore mineral and royalty revenue management for the U.S., including revenue collection and distribution. The service assesses the nature, extent, recoverability and value of leasable minerals on the Outer Continental Shelf. It also ensures the inventory, development and recovery of mineral resources, and it encourages utilization of the best available and safest technology to do so. Finally, the Minerals Management Service provides returns to the federal Treasury for produced mineral commodities and safeguards against fraud, waste and abuse.

h. Bureau of Land Management
The Bureau of Land Management (BLM) is responsible for the total management of more than 270 million acres of public lands, primarily located in the western U.S. and Alaska. In addition to minerals management responsibilities on public lands, BLM is responsible for subsurface resource management of an additional 300 million acres where mineral rights are owned by the federal government. The bureau also oversees and manages the development of energy and mineral leases and ensures compliance with applicable regulations governing the extraction of these resources.

i. Bureau of Reclamation
The mission of the Bureau of Reclamation (BOR) is to manage, develop and protect water and related resources in an environmentally and economically sound manner. The primary purpose of the bureau under the Reclamation Act of 1902 (43 U.S.C. 371) was to provide sustained economic growth and enhanced quality of life in the western U.S. through the development of a water storage and delivery infrastructure, which provides safe and dependable water supplies and hydroelectric power. With this infrastructure largely in place, the Reclamation program now places greater emphasis on resource management and protection.

Program Budget

Total federal funding for the Department of the Interior is expected to rise approximately 3% over the next five years, from $7.1 billion in 1997 to $7.3 billion in 2002. This moderate overall budget growth will likely be disparately distributed among Interior's various bureaus and offices, with many actually facing sharp cuts in funding. Namely, water and science functions within the department are anticipated to lose 8% of 1996 funding levels by the year 2002, and departmental office funding is expected to drop a full 26% over the same time period. Conversely, the program budgets for land and minerals management, fish and wildlife and parks, as well as the Bureau of Indian Affairs are respectively expected to rise 12%, 19% and 5% over 1996 funding levels by 2002.

The program budget for the Department of the Interior is presented in Exhibit 2. These figures represent total federal funds and do not account for intrafund transactions or proprietary receipts from the public, where applicable.

Exhibit 2

Program Budget of the Department of the Interior

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Land and Minerals Management	**$2,196**	**$2,337**	**$2,273**	**$2,298**	**$2,379**	**$2,439**	**$2,454**
Bureau of Land Management	1,239	1,327	1,203	1,202	1,267	1,311	1,303
Minerals Management Service	640	707	743	755	771	787	810
Office of Surface Mining Reclamation and Enforcement	317	303	327	341	341	341	341
Water and Science	**1,679**	**1,560**	**1,718**	**1,698**	**1,691**	**1,544**	**1,551**
Bureau of Reclamation	844	777	932	912	905	760	767
Central Utah Project	44	44	41	41	41	41	41
U.S. Geological Survey	731	739	745	745	745	743	743
Fish and Wildlife and Parks	**2,450**	**2,512**	**2,762**	**2,799**	**2,857**	**2,926**	**2,904**
U.S. Fish and Wildlife Service	1,009	957	989	1,017	1,044	1,071	1,100
National Park Service	1,441	1,555	1,773	1,782	1,813	1,855	1,804
Bureau of Indian Affairs	**1,763**	**1,786**	**1,848**	**1,853**	**1,856**	**1,860**	**1,859**
Departmental Offices	**646**	**560**	**467**	**467**	**471**	**475**	**477**
Departmental Management	258	68	68	68	68	68	68
Insular Affairs	311	398	299	299	303	307	309
Office of the Solicitor	34	35	35	35	35	35	35
Office of Inspector General	24	24	25	25	25	25	25
Office of Special Trustee for American Indians	18	34	39	39	39	39	39

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The information technology (IT) budget of the Department of the Interior is projected to sustain a moderate compound annual growth rate (CAGR) of 2% from 1996 to 2001. Notable growth is anticipated in spending on purchases and leases of software and support services, the latter being the primary driving force behind overall spending increases at DOI. However, comprising 41% of the total IT budget in 1996 and losing 6% annually in funding, the personnel component of the IT budget strongly counteracts the positive growth rates of spending on equipment, software and services.

Also of note is the contracted out portion of the department's information technology budget — all spending less supplies and personnel — which represented 57% of the total IT budget in 1996 and is expected to grow 6% annually to 70% of the total IT budget in 2001, from $274 million to $361 million, respectively.

The information technology budget of the Department of the Interior is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies. Exhibit 4 highlights the distribution of IT spending at DOI for fiscal year 1997. The share of the budget marked "other" contains spending on departmental management and the Automated Lands and Minerals Records System (ALMRS) — the only major IT initiative for which a detailed budget is reported to OMB.

Exhibit 3

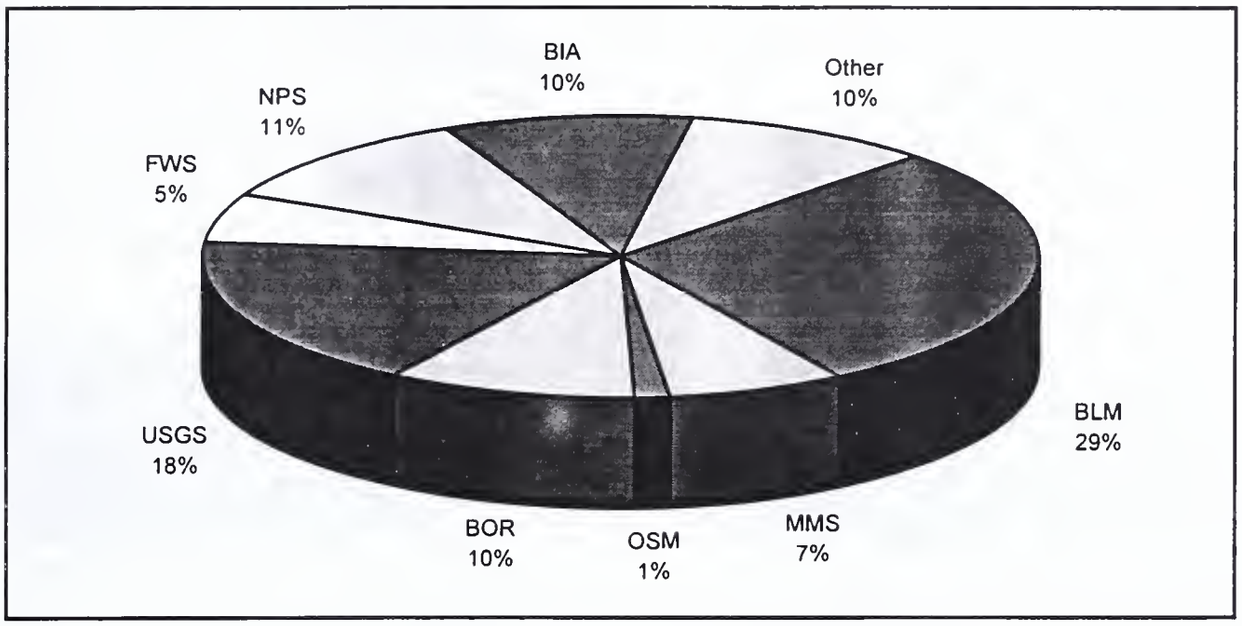
Information Technology Budget of the Department of the Interior

Category	Spending in Obligations by FY in $ Millions						CAGR 1996-2001
	1996	1997	1998	1999	2000	2001	
Equipment:							
Capital Purchases	$93	$87	$91	$95	$101	$108	3%
Other Purchases and Leases	22	20	20	21	23	24	2%
Total Equipment	**115**	**107**	**111**	**117**	**124**	**132**	**3%**
Software:							
Capital Purchases	31	35	37	39	42	46	8%
Other Purchases and Leases	7	8	8	9	9	10	6%
Total Software	**39**	**42**	**45**	**48**	**52**	**56**	**8%**
Services (Processing and Telecom.)	**32**	**32**	**33**	**35**	**37**	**40**	**4%**
Support Services	**88**	**93**	**100**	**109**	**120**	**133**	**9%**
Contracted Out Portion of IT Budget	**274**	**274**	**289**	**308**	**332**	**361**	**6%**
Supplies	**9**	**9**	**9**	**10**	**10**	**11**	**5%**
Personnel	**198**	**196**	**188**	**177**	**163**	**147**	**-6%**
Total IT Budget	**481**	**479**	**487**	**495**	**505**	**519**	**2%**

Source: Department of the Interior and INPUT

Exhibit 4

Department of the Interior IT Budget Distribution
FY 1997



Source: Department of the Interior and INPUT

IT Contract Opportunities

The major Department of the Interior acquisitions summarized below are currently active:

a. Technical Support for Administrative Services (TSAS)
Type: IDIQ
The USGS Washington Administrative Service Center (WASC) requires technical services to support its administrative systems. WASC provides administrative systems development, implementation and operation services for all divisions and offices within the USGS, as well as for other bureaus of DOI.

b. Service Support for the National Ecology Research Center
Type: IDIQ
The National Biological Service intends to procure technical support services required by the National Ecology Research Center, including the development, application and transfer of computer-assisted technologies for inventory, mapping and analysis of wildlife habitats in the western United States.

c. Technical Support Services for NBS Science Centers Recompete
Type: IDIQ
NBS is expected to recompete its requirement for technical services to support its Southern Science Center and the Southeastern Biological Science Center, as well as field stations to these centers. Functional areas of support will include administration and management, research and technical services, information resources management, spatial analysis, database development and mapping.

d. On-Site ADP Support Services for the Royalty Management Program
Type: Cost Plus Fixed Fee
The Minerals Management Service requires ongoing facility, systems and production management, application software maintenance and development, data communications and library and documentation support, among others.

e. Computer Operations and Production Control Support
Type: Labor Hour
The U.S. Geological Survey intends to recompete a contract currently held by Computer Based Systems for the management of its computer facility in Reston, Virginia.

f. Global Seismic Network Support Services Recompete
Type: TBD
The USGS is expected to recompete its support services contract for the Seismological Data Systems Network, a worldwide network which gathers and disseminates data on seismic activity.

g. Distributed Information System III (DIS III)
Type: TBD
The USGS has continuing requirements for the support of its Distributed Information System (DIS). Anticipated deliverables include ADP equipment, specialized software, maintenance and training support to upgrade existing systems.

h. Enterprise-Wide Geological Interpretive Tools Subsystem (GIT)
Type: IDIQ
The Minerals Management Service intends to acquire commercial off-the-shelf (COTS) software, maintenance and technical support services to complete its enterprise-wide Geological Interpretive Tools (GIT) subsystem.

i. Technical Support Services
Type: Cost Plus Award Fee
The National Mapping Division (NMD) of the U.S. Geological Survey has a requirement for professional services in support of its multiple mission activities.

Interior Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the Department of the Interior to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency from 4QFY 1995 to 3QFY 1996.

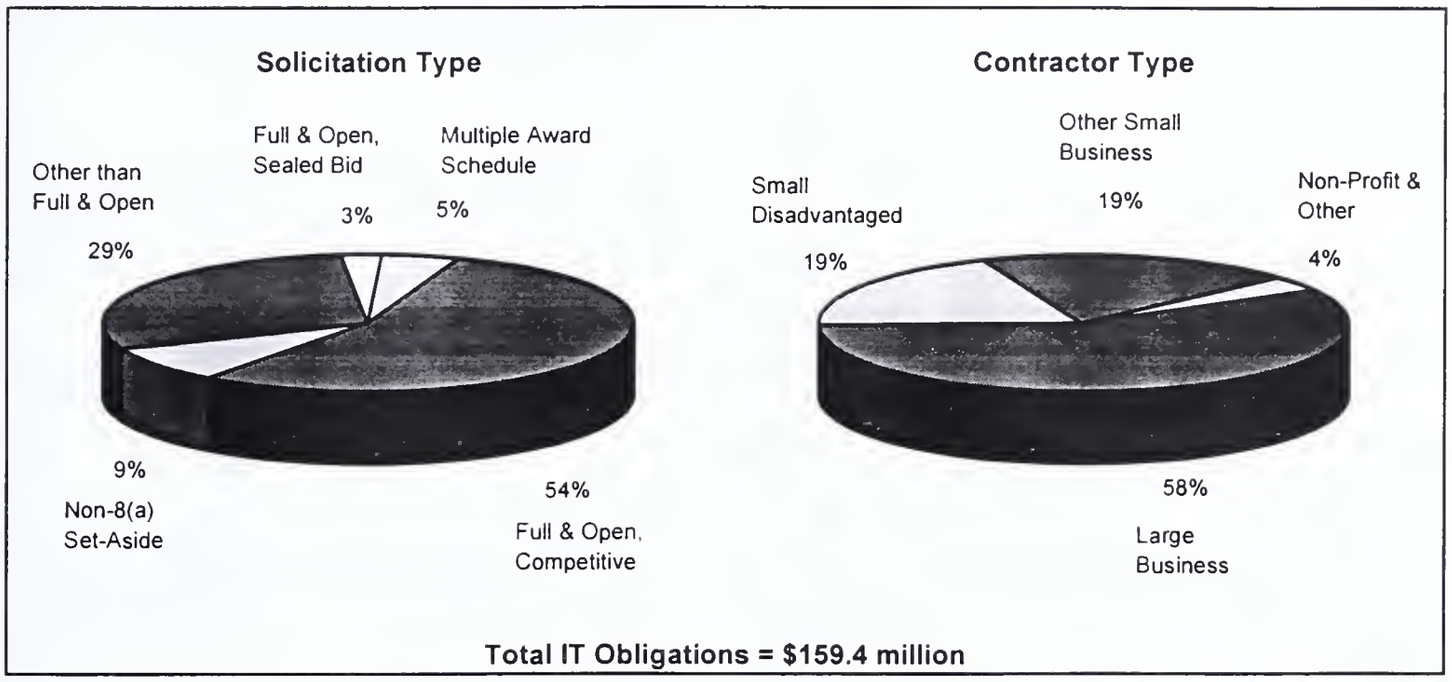
"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and foreign organizations, as well as state and local governments, comprise the "non-profit and other" contractor component.

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of the Interior is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 27% of Interior's total IT obligations from 4QFY 1995 to 3QFY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between July 1, 1995 and June 30, 1996.

Exhibit 5

Acquisition Profile for the Department of the Interior
4QFY 1995 - 3QFY 1996



Source: FPDC and INPUT

Exhibit 6

Top Contractors at Interior
4QFY 1995 - 3QFY 1996

1. Computer Sciences Corporation
2. TRW, Inc.
3. Data General Corporation
4. Lucas Management Systems, Inc.
5. Cotton Communications
6. Pulsar Data Systems
7. Win Laboratories
8. American Management Systems
9. Management Technology, Inc.
10. Rolm Company

Source: FPDC

Major Contracts

Exhibit 8 provides a brief overview of the major active IT contracts at the Department of the Interior. Currently, the agency has six major indefinite delivery/indefinite quantity (IDIQ) contract vehicles in place, which have a potential combined life-time value of $649 million. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Top Department of the Interior Obligations by State
4QFY 1995 - 3QFY 1996

State	IT Obligations	State	IT Obligations
1. Colorado	$70,850	11. New York	$2,212
2. Virginia	26,128	12. Minnesota	2,140
3. Maryland	8,163	13. Nevada	1,638
4. Washington, DC	8,026	14. South Carolina	1,100
5. California	7,055	15. Louisiana	1,026
6. Massachusetts	5,735	16. Washington	1,024
7. Arizona	5,685	17. Texas	1,004
8. Wyoming	3,133	18. New Jersey	980
9. Oregon	2,885	19. Utah	965
10. New Mexico	2,462	20. Pennsylvania	754

All figures in $ Thousands *Source: FPDC and INPUT*

Exhibit 8

Major Contracts at the Department of the Interior

Program	Type	Size	Description
1. Distributed Information System II (DIS II)	Hardware/ Software — IDIQ	$129M 10 yrs.	Data General provides ADP equipment, specialized software, maintenance and training support to upgrade the existing Distributed Information System, which consists of nationwide minicomputers and telecommunications installations to support USGS water collection and analysis activities. Awarded in December 1989.
2. Computer Operations and Production Control Support	Professional Services — Labor Hour	$9M 5 yrs.	Computer Based Systems provides operations and maintenance support services for the USGS computer facility in Reston, VA. The facility is primarily an Amdahl environment but does house several DEC and Prime machines. Awarded in September 1992.
3. Automated Lands and Minerals Records System/Modernization (ALMRS)	Hardware/ Software — IDIQ	$403M 11 yrs.	Computer Sciences Corporation provides ADP hardware, commercial off-the-shelf software, GIS capabilities, telecommunications and professional services to modernize ADP activities at approximately 221 sites within the Bureau of Land Management. Awarded in April 1993.
4. Customer Premises Telecommunications Hardware (GEOCOM)	Network Services — IDIQ	$27M 8 yrs.	US Sprint supports the integration of CPE with FTS 2000 services to replace the existing USGS wide-area network (WAN), GEONET, and support evolving local area network (LAN) to WAN requirements. Awarded in April 1993.

Major Contracts at the Department of the Interior (cont.)

Program	Type	Size	Description
5. Geographic Information Systems Software (GIS II)	Hardware/ Software — Unk.	$24M 7 yrs.	Environmental Systems Research Institute provides the USGS with GIS software and related services to process spatial data and provide support for data conversion, input, interactive editing, display, overlay analysis and other forms of spatial analysis. Awarded in April 1993.
6. Interior Department Electronic Acquisition System (IDEAS)	Hardware/ Software — Unk.	$29M 10 yrs.	Price Waterhouse LLP provides COTS software to automate most functions of Interior's acquisition process, from requisition initiation through solicitation, evaluation, award, administration and close-out. Awarded in September 1993.
7. Facilities Management Services	Professional Services — Labor Hour	$2M 4 yrs.	Remtech Services provides facilities management, computer operations, programming and systems analysis services for Interior's computer centers in Denver, CO and Washington, DC. Awarded in December 1993.
8. Service Support for the National Ecology Research Center	Professional Services — IDIQ	$46M 5 yrs.	Johnson Controls supports the development, application and transfer of computer-assisted technologies for the U.S. Fish and Wildlife Service's inventory, mapping and analysis of wildlife habitats in the western United States. Awarded in June 1995.
9. Technical Support Services for NBS Science Centers	Professional Services — IDIQ	$30M 5 yrs.	Johnson Controls provides the National Biological Service with technical support services for its Southern Science Center and the Southeastern Biological Science Center, facilities which gather, analyze and disseminate biological information for use by government and private entities. Awarded in November 1995.
10. Global Seismic Network Support Services (GSN)	Professional Services — Cost Plus Fixed Fee	$12M 5 yrs.	Allied Signal Technical Services provides support services to the USGS for its Seismological Data Systems Network, a worldwide system which gathers and disseminates data on seismic activity. Awarded in December 1995.
11. Earth Resources Observation System Data Center (EROS)	Professional Services — IDIQ	$14M 5 yrs.	Hughes STX satisfies the U.S. Geological Survey's requirement for continued support and maintenance of the Earth Resources Observation System (EROS) Data Center, established to study remotely sensed geological data. Awarded in January 1997.

Source: INPUT

Issues at Interior

1. The U.S. Geological Survey awarded its Earth Resources Observation System (EROS) Data Center contract on January 23 to incumbent Hughes STX. The contractor will satisfy USGS' requirements for continued support and maintenance of the EROS Data Center in Sioux Falls, South Dakota, which was established to archive, reproduce, disseminate and perform basic and applied research in applications of remotely sensed data — from altitudes of 16,000 feet up to 580 nautical miles. The principal data sets contained in the archives are Landsat Imagery and Aerial Mapping Photography, which are available for use by federal, state and local agencies, as well as private organizations and individuals.

The hybrid cost plus fixed fee, IDIQ contract was awarded for $14.3 million, although the program is believed to be worth approximately $100 million over the five-year life of the contract. Hughes will provide systems integration, information systems development, software engineering and hardware maintenance services. The hardware configuration at the EROS Data Center consists of a Burroughs 6925, two VAX 11/780s, a VAX 8200, two microVAXs, a PDP 11/70, a PDP 11/60, a Gould Power Node 6006, a Gould Power Node 9050, a Gould 3297, SEL 3255, dual SEL 3277s, HP3000, Sun workstations, seven Altos supermicros and several IBM PC compatibles.

2. The USGS is currently reviewing bids for the $100 million Technical Support Services contract intended to fulfill the professional services requirements of its National Mapping Division (NMD). The overall scope of the planned project includes systems analysis, programming, customer service support, computer operations, as well as administration, statistics, photographic laboratory and logistics services. Acquired services under the cost plus award fee contract will help support NMD facilities on a nationwide basis — including Reston, Virginia, Rolla, Missouri, Denver, Colorado and Menlo Park, California — with the exception of Sioux Falls, South Dakota. The RFP for the program was released in August 1996, with bids due on October 22. An award is anticipated in early March of this year. There is no incumbent for this opportunity.

3. The Department of the Interior's data communications network, DOINET, is facing greater demands than anticipated because of recent growth in distributed information systems and Internet usage. To ensure DOINET has sufficient capacity for existing and future users, Booz-Allen and Hamilton is reviewing the current network architecture and the department's technology strategy. Future expansion of the network, managed by the U.S. Geological Survey and the Bureau of Reclamation, will likely entail a migration to ATM technology, the incorporation of T3 trunking and the addition of other nodes, including Billings, Montana, Salt Lake City, Utah and Boston, Massachusetts. Furthermore, DOINET is slated to become scaleable to accommodate multimedia services by adding bandwidth, equipment and software upgrades. More information on DOINET and its technical parameters can be found on the Internet at http://www.doi.gov/doinet/info.htm.

4. The Bureau of Land Management is continuing its effort to create a total land information system (LIS) through the 10-year, $403 million Automated Lands and Minerals Records System (ALMRS)/ Modernization effort. Awarded to prime contractor CSC in April of 1993, the ALMRS

program is designed to convert over 100 years of paper documents into electronic format and to automate current BLM processes involving land surveys, tract books, land patents, mining claims, oil and gas leases and case files, among others. Currently, over 86 hardware and software vendors and 18 support services subcontractors work with CSC to implement the ALMRS. The initial operating capability (IOC) of ALMRS was slated for distribution at approximately 221 sites nationwide. As IOC implementation is nearing completion, the overall budget allocated for the modernization effort is expected to drop, as detailed in Exhibit 9.

Exhibit 9

ALMRS Information Technology Budget

Category	Spending in Obligations by FY in $ Millions		
	1995	1996	1997
Equipment	$23	$8	$15
Software	5	4	8
Services	0.1	0.1	0
Support Services	30	27	9
Supplies	0.5	0.1	0
Personnel	11	11	11
Total	**70**	**51**	**42**

Source: Department of the Interior

5. In an effort to reduce expenditures, the Department of the Interior has implemented the Telecommunications Service Cost Reduction Program. As an integral part of the DOI's overall telecommunications program, this cost reduction campaign focuses on keeping FTS2000 charges in line with available budget authorities. In fiscal year 1995, the department spent nearly $29 million for FTS2000 services and approximately $2.4 million for non-FTS2000 long distance services, including international calls, while local service charges were estimated at $17.6 million. The Cost Reduction Program is intended to curtail these figures through:

- Certification of FTS2000 long distance calls
- Distribution of internal memoranda on the correct use of FTS2000 services
- Verification of FTS2000 and local services telephone number databases
- Reduction of service costs through service delivery point aggregation
- Exploring opportunities for resource sharing with other agencies

Joy Shelton is the designated point of contact for the Telecommunications Service Cost Reduction Program and can be reached at (202) 208-4569.

6. As electronic commerce and electronic data interchange become more commonplace at the Department of the Interior and throughout the federal government, information security is a growing concern at the agency. To thwart attacks on its information systems, DOI released its first Quarterly Information Technology Security Awareness Bulletin in February of this year. Internally targeted, the bulletin offers a user's guide on how to protect information, identify a virus hoax, select proper passwords and how to report a security breach. The bulletin also identifies the information security managers of each Interior bureau. The Security Awareness Bulletin can be accessed via the Internet at http://www.doi.gov/oirm/oirm/itsecab.htm.

On-Line Information Resources

The Department of the Interior maintains a World Wide Web home page accessible at http://www.doi.gov. This site contains searchable links to the department's various bureaus and offices, as well as background information on their respective program activities. Interior's Office of Information Resources Management maintains a home page at http://www.doi.gov/oirm/, which contains extensive information on major IT program areas and current projects within the department. Links to IRM work groups and pertinent points of contact are also provided. While this information is useful to gain insight into DOI's information technology activities, actual procurement solicitations are not typically posted on the Web by the department.

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This Agency Profile is issued as part of INPUT's Federal IT Market Analysis Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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Agency Profile

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Department of the Treasury

Purpose

The Department of the Treasury is responsible for formulating and recommending economic, financial, tax and fiscal policies for the nation as a whole. The department also serves as financial agent for the U.S. government, and it enforces financial laws and manufactures coins and currency.

Table of Contents

Organization

The Treasury Department was created by Act of September 2, 1789 (31 U.S.C. 301 and 301 note). Subsequent acts have delegated additional duties to its charge and established the several bureaus and divisions that now comprise the Treasury.

The department is administered by the Secretary of the Treasury, appointed by the President with the advice and consent of the Senate, who serves as the Chief Financial Officer of the nation and advises the President in matters relating to international and domestic financial, economic and tax policy. The Secretary is primarily aided by the Deputy Secretary, the Chief of Staff, three Under Secretaries, nine Assistant Secretaries, the Inspector General, General Counsel, Comptroller of the Currency and the Treasurer, among others. The Under and Assistant Secretaries serve as key advisors to the Secretary of the Treasury and have direct policy oversight of most of the department's bureaus.

Treasury's jurisdiction in financial, economic and tax policy and its enforcement is divided among 12 operating bureaus. While their authority is highly decentralized, the several

Directors and Commissioners of the bureaus report to the Under and Assistant Secretaries and assist in advising on policy and issues as it pertains to their respective functions.

The Department of the Treasury is currently administered by Secretary Robert E. Rubin and employs approximately 146,000 people nationwide, a 6% reduction from approximately 156,000 people at this time last year. Slightly more than 15% of the department's employees are located in the Washington, DC area. The functions of the Department of the Treasury are carried out at its Washington, DC headquarters and at the various headquarters and regional offices of its operating bureaus.

The organizational structure of the Department of the Treasury is presented in Exhibit 1.

Program Activities

Below are the primary organizations within the Department of the Treasury and a brief description of their respective functions, which provide insight to the department's major program activities:

a. Bureau of Alcohol, Tobacco and Firearms
The Bureau of Alcohol, Tobacco and Firearms (ATF) was established on July 1, 1972, as the functions and powers relating to alcohol, tobacco, firearms and explosives were transferred from the Internal Revenue Service to the bureau. The bureau is responsible for enforcing and administering firearms and explosives laws, as well as those covering the production, taxation and distribution of alcohol and tobacco products. ATF's objectives are to maximize compliance with and investigate violations of these laws. To achieve these goals, the bureau is divided into two basic functions — criminal enforcement and regulatory enforcement.

Exhibit 1

Treasury Organization

Secretary of the Treasury

Deputy Secretary

Secretariat:

- Chief of Staff
- Under Secretary for International Affairs
- Under Secretary for Domestic Finance
- Under Secretary for Enforcement
- Assistant Secretary (International Affairs)
- Assistant Secretary (Public Affairs)
- Assistant Secretary (Economic Policy)
- Assistant Secretary (Financial Institutions)
- Assistant Secretary (Enforcement)
- Assistant Secretary (Tax Policy)
- Assistant Secretary (Legislative Affairs & Public Liaison)
- Assistant Secretary (Management) and Chief Financial Officer
- Fiscal Assistant Secretary
- Comptroller of the Currency
- Treasurer of the United States
- Inspector General
- General Counsel

Bureaus:

- Bureau of Alcohol, Tobacco and Firearms
- Bureau of the Public Debt
- Bureau of Engraving and Printing
- Federal Law Enforcement Training Center
- Financial Crimes Enforcement Network
- Financial Management Service
- Internal Revenue Service
- Office of the Comptroller of the Currency
- Office of Thrift Supervision
- United States Mint
- United States Customs Service
- United States Secret Service

Source: U.S. Government Manual 1996/1997

b. Office of the Comptroller of the Currency
The Office of the Comptroller of the Currency (OCC) was established as a bureau within the Department of the Treasury in February 1863. Headed by the Comptroller, who also serves a concurrent term as Director of the Federal Deposit Insurance Corporation (FDIC), the OCC regulates national banks by its power to examine banks, approve or deny applications for new bank charters or mergers, to take enforcement action against banks that are not in compliance with laws and regulations and to issue rules, regulations and interpretations on banking practices. OCC supervises approximately 3,300 national banks, including their trust activities and overseas operations.

c. United States Customs Service
The United States Customs Service (USCS) collects revenue from imports and enforces customs and related laws. The Customs Service also administers the Tariff Act of 1930, as amended (19 U.S.C. 1654). As the principal border enforcement agency, the mission of the Customs Service has been extended over the years to include assisting in the administration and enforcement of some 400 provisions of law on behalf of more than 40 government agencies. In addition, the USCS enforces a wide range of requirements to protect the public, such as auto safety and emission control standards, radiation and radioactive material standards, counterfeit monetary instruments, animal and plant quarantine requirements, as well as food, drug and hazardous substance prohibitions.

d. Bureau of Engraving and Printing
On a reimbursable basis, the bureau designs, prints and finishes all of the nation's paper currency, as well as U.S. postage stamps, Treasury securities, certificates and other security products, including White House invitations and military identification cards. It is also responsible for advising and assisting federal agencies in the design and production of other government documents that require security or counterfeit-deterrence characteristics. The bureau is headquartered in Washington, DC and operates a second currency manufacturing plant in Fort Worth, Texas.

e. Federal Law Enforcement Training Center
The Federal Law Enforcement Training Center is an interagency training facility serving over 72 federal law enforcement organizations. The major training effort is in basic programs that teach common areas of law enforcement skills to police, investigative and enforcement personnel. The Center also conducts advanced programs in areas of common need, such as white-collar crime, the use of microcomputers as an investigative tool, advanced law enforcement photography, international banking/money laundering, marine law enforcement and several instructor training courses. The Center conducts its operations at training facilities in Glynco, Georgia and Washington, DC, as well as a satellite operation located in Artesia, New Mexico.

f. Financial Management Service
The mission of the Financial Management Service (FMS) is to improve the overall quality of government financial management. It serves taxpayers, the Treasury Department, federal program agencies and government policy makers by linking program and financial management objectives and by providing financial services, information and advice to its customers. More specifically, the FMS is responsible for all federal programs and activities involving working capital management and payments and collections, making substantial use and fostering the advancement of automation technologies to increase their effectiveness.

g. Internal Revenue Service
The Internal Revenue Service (IRS) is the primary federal agency responsible for collecting the proper amount of tax revenue at the least cost to the public. Additionally, it is responsible for administering and enforcing the internal revenue laws and related statutes, except those relating to alcohol, tobacco and firearms. IRS organization is designed for maximum decentralization, consistent with the need for uniform interpretation of the tax laws and efficient utilization of resources. Its three-tiered organization includes the National Office, the regional offices and the district offices, the service centers and the Austin Compliance Center.

h. United States Mint
The responsibility of the U.S. Mint is to produce an adequate volume of circulating coinage for the nation to conduct its trade and commerce. The bureau operates mints in Philadelphia, Pennsylvania, Denver, Colorado, San Francisco, California, West Point, New York and Fort Knox, Kentucky. The Fort Knox Bullion Depository serves as the primary storage facility for the nation's gold supply. The bureau also operates sales centers at the Philadelphia and Denver Mints and at Union Station in Washington, DC.

i. Bureau of the Public Debt
The primary responsibilities of the Bureau of the Public Debt are to borrow the money needed to operate the federal government, account for the resulting public debt and to issue Treasury securities to refund maturing debt and raise new money. The bureau fulfills its mission through several programs, including commercial book-entry securities, direct access securities, savings securities, government securities, market regulation and public debt accounting. It also provides daily and other periodic reports to account for the composition and size of the national debt.

j. United States Secret Service
The U.S. Secret Service (USSS) is charged with protecting the life of the President and Vice President of the United States and their immediate families, former Presidents and their wives, heads of a foreign state or foreign government and, at the direction of the President, official representatives of the United States performing missions abroad. Furthermore, the Secret Service provides security at the White House complex, the Treasury Building and various foreign diplomatic missions in the Washington, DC area or in other designated areas. The Secret Service conducts investigations and is charged with the detection and arrest of persons committing any offense against the financial laws of the United States.

k. Office of Thrift Supervision
Under the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Congress gave the Office of Thrift Supervision (OTS) authority to charter federal thrift institutions and serve as the primary regulator of approximately 1,700 federal and state chartered thrifts belonging to the Savings Association Insurance Fund (SAIF). The office's mission is to regulate savings associations in order to maintain the safety and viability of the industry and to support industry's efforts to meet housing and other financial services needs.

l. Financial Crimes Enforcement Network
The Financial Crimes Enforcement Network (FinCEN) is one of the primary agencies that establishes, oversees and implements Treasury's policies to prevent and detect money laundering. It provides analytical case support, through the use of state-of-the-art technology and intelligence analyses, to many federal agencies as well as state and local law enforcement organizations.

Program Budget

Total federal funding for the Department of the Treasury is anticipated to grow 11% over the next five years, from an actual $366.8 billion in 1996 to a projected $406.0 billion in 2002. This increase in funding is primarily driven by funding for interest on the public debt, which historically comprises 90% of Treasury's total program budget and is expected to grow 10% from 1996 to 2002. Strong growth in federal funds is also slated for the IRS, the largest agency beneficiary of Treasury's funds, rising 26% from $28.7 billion in 1996 to $36.2 billion in 2002. Likewise, most program accounts are anticipated to increase substantially, with the exceptions of funding for the Financial Management Service, the Office of the Comptroller of the Currency and the Office of Thrift Supervision — all expected to decline over the next several years. The program budget for the Department of the Treasury is presented in Exhibit 2. These figures represent total federal funds and do not account for intrafund transactions or proprietary receipts from the public, where applicable.

Exhibit 2

Program Budget of the Department of the Treasury

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Departmental Offices	**$NA**	**$532**	**$580**	**$598**	**$625**	**$681**	**$807**
Violent Crime Reduction Programs	**77**	**84**	**118**	**133**	**133**	**133**	**133**
Federal Law Enforcement Training Center	**46**	**78**	**77**	**80**	**82**	**85**	**87**
Interagency Law Enforcement	**NA**	**NA**	**73**	**71**	**71**	**71**	**71**
Bureau of Alcohol, Tobacco and Firearms	**614**	**698**	**782**	**727**	**744**	**755**	**782**
Bureau of Engraving and Printing	**526**	**606**	**581**	**601**	**661**	**688**	**721**
Bureau of the Public Debt	**299**	**302**	**311**	**311**	**311**	**311**	**311**
Financial Management Service	**6,636**	**5,770**	**5,774**	**5,877**	**6,007**	**6,188**	**6,402**
Internal Revenue Service	**28,746**	**30,947**	**32,699**	**33,589**	**34,186**	**35,166**	**36,215**
Processing, Assistance and Management	1,725	1,871	2,990	2,990	2,997	3,009	3,022
Tax Law Enforcement	4,180	4,120	3,201	3,201	3,201	3,201	3,201
Information Systems	1,510	1,149	1,272	1,179	1,179	1,179	1,179
Information Technology Investments	NA	NA	500	500	500	50	NA
United States Customs Service	**1,990**	**2,311**	**2,111**	**2,178**	**2,245**	**2,312**	**2,382**
United States Secret Service	**579**	**614**	**641**	**657**	**675**	**693**	**712**
United States Mint	**3**	**29**	**30**	**30**	**30**	**30**	**30**
Comptroller of the Currency	**377**	**375**	**362**	**362**	**362**	**362**	**362**
Office of Thrift Supervision	**163**	**145**	**139**	**139**	**139**	**139**	**139**
Interest on the Public Debt	**343,955**	**356,740**	**366,107**	**372,469**	**374,287**	**376,903**	**376,792**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The Department of the Treasury's total information technology (IT) budget is expected to experience a compound annual growth rate (CAGR) of 4% from 1996 to 2001. Notable growth in spending is anticipated for capital purchases of computer and peripheral equipment — a long-standing trend at the department with its emphasis on automation and processing systems. Moderate growth in IT spending is expected in most given categories, with the exception of capital purchases of software and spending on personnel. Also of note is the contracted out portion of the department's information technology budget, which represented 65% of the total IT budget in 1996 and is expected to grow 8% annually to 77% of the total IT budget in 2001, from $1.2 billion to $1.7 billion, respectively.

The information technology budget of the Department of the Treasury is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies. Exhibit 4 highlights the distribution of IT spending by agency at the department for fiscal year 1995 to 1997, the latest period such information was reported to the Office of Management and Budget.

Exhibit 3

Information Technology Budget of the Department of the Treasury

Category	Spending in Obligations by FY in $ Millions						CAGR
	1996	1997	1998	1999	2000	2001	1996-2001
Equipment:							
Capital Purchases	$337	$455	$473	$496	$526	$563	11%
Other Purchases and Leases	32	28	29	30	32	34	1%
Total Equipment	**369**	**482**	**502**	**527**	**558**	**597**	**10%**
Software:							
Capital Purchases	48	30	31	33	36	39	-4%
Other Purchases and Leases	29	30	32	34	37	40	6%
Total Software	**77**	**59**	**63**	**67**	**73**	**79**	**1%**
Services (Processing and Telecom.)	**327**	**340**	**354**	**371**	**394**	**421**	**5%**
Support Services	**426**	**435**	**469**	**512**	**563**	**625**	**8%**
Contracted Out Portion of IT Budget	**1,199**	**1,317**	**1,388**	**1,477**	**1,588**	**1,723**	**8%**
Supplies	**62**	**63**	**66**	**69**	**73**	**79**	**5%**
Personnel	**579**	**602**	**578**	**543**	**500**	**450**	**-5%**
Total IT Budget	**1,840**	**1,982**	**2,032**	**2,090**	**2,161**	**2,251**	**4%**

Source: Department of the Treasury and INPUT

Exhibit 4

Department of the Treasury IT Budget Distribution

Agency	Spending in Obligations by FY in $ Millions					
	1995	% of Total	1996	% of Total	1997	% of Total
Internal Revenue Service	$1,204	75%	$1,434	79%	$1,596	80%
Bureau of the Public Debt	25	2%	20	1%	22	1%
Federal Law Enforcement Training Ctr.	2	<1%	2	<1%	2	<1%
Financial Management Service	37	2%	47	3%	43	2%
Departmental Offices	44	3%	45	2%	54	3%
Bureau of Engraving and Printing	12	1%	22	1%	22	1%
United States Mint	11	1%	12	1%	14	1%
Comptroller of the Currency	32	2%	33	2%	34	2%
Office of Thrift Supervision	6	<1%	8	<1%	7	<1%
Alcohol, Tobacco and Firearms	26	2%	25	1%	34	2%
Financial Crimes Enforcement Network	6	<1%	6	<1%	6	<1%
United States Secret Service	25	2%	31	2%	38	2%
United States Customs Service	166	10%	155	8%	111	6%

Source: Department of the Treasury and INPUT

IT Contract Opportunities

The major Department of the Treasury acquisitions summarized below are currently active:

a. PC Cash Register System
Type: IDIQ
The U.S. Customs Service intends to acquire PC-based cash registers, modems, telecommunications equipment and upgrades, as well as professional services to automate the Cash Receipt/Informal Entry Form collection process.

b. INC Document Reader
Type: IDIQ
The U.S. Customs Service is pursuing the acquisition of document readers with the capability of performing optical character recognition (OCR) for a variety of machine readable travel documents (MRTDs).

c. Video Conferencing Network
Type: TBD
The U.S. Customs Service (USCS) requires a video conferencing network to provide interactive face-to-face communications at various field office locations nationwide.

d. New Extended Technology (Project NEXT)
Type: IDIQ
The Bureau of the Public Debt intends to acquire mainframe maintenance services and peripherals designed to expand the capacity of its computer facility and to ensure Federal Reserve Bank system compatibility.

e. Integrated Collection System (ICS)
Type: Time & Materials
The IRS has an ongoing requirement for Integrated Collection System hardware maintenance. ICS automates processing activities at 750 field collection locations in

conjunction with the Service Center Replacement System and the Automated Collection System.

f. Telecommunications Services (S-NET)
Type: IDIQ
The U.S. Secret Service will likely recompete a contract for network services, maintenance and operation to support its integrated data communications network.

g. Data Center Facilities Management Recompete
Type: TBD
The USSS has a continuing requirement for platform operations and facilities management at its Washington, DC and Maryland data centers.

h. Treasury Department Acquisition III (TDA III)
Type: IDIQ
The Department of the Treasury and its bureaus have an ongoing requirement for commercial off-the-shelf (COTS) office automation products and operating system software. Office automation products are to include microcomputer workstations, notebook computers, printers and related peripheral devices.

i. C3I Operation and Maintenance (C3I O&M)
Type: Cost Plus Award Fee
The USCS has a follow-on requirement for operation and maintenance of its command, control, communications and intelligence (C3I) systems at Riverside, California and Oklahoma City, Oklahoma.

j. Maintenance Service for Microcomputer and Peripheral Equipment
Type: TBD
The IRS intends to acquire maintenance services for its microcomputer and peripheral equipment located at the IRS National Office. Equipment includes personal computers, printers, scanners, monitors and CD ROM devices.

k. Treasury Distributed Processing Infrastructure (TDPI)
Type: BPA
Through a blanket purchase agreement (BPA) with GSA schedule holders, Treasury intends to procure Lots 2 through 9 of a department-wide, open systems client/server distributed processing solution and associated components.

l. Database Administration Management and Support Services
Type: IDIQ
The USCS intends to acquire technical and integration services to assist in providing database administration, management and software support in mainframe and PC client/server environments.

m. Assets Information Management System
Type: IDIQ
While currently under protest, the USCS' Application Development Division (ADD) intends to acquire software development services to support new initiatives for the redesign and modification of existing batch and on-line transaction processing systems.

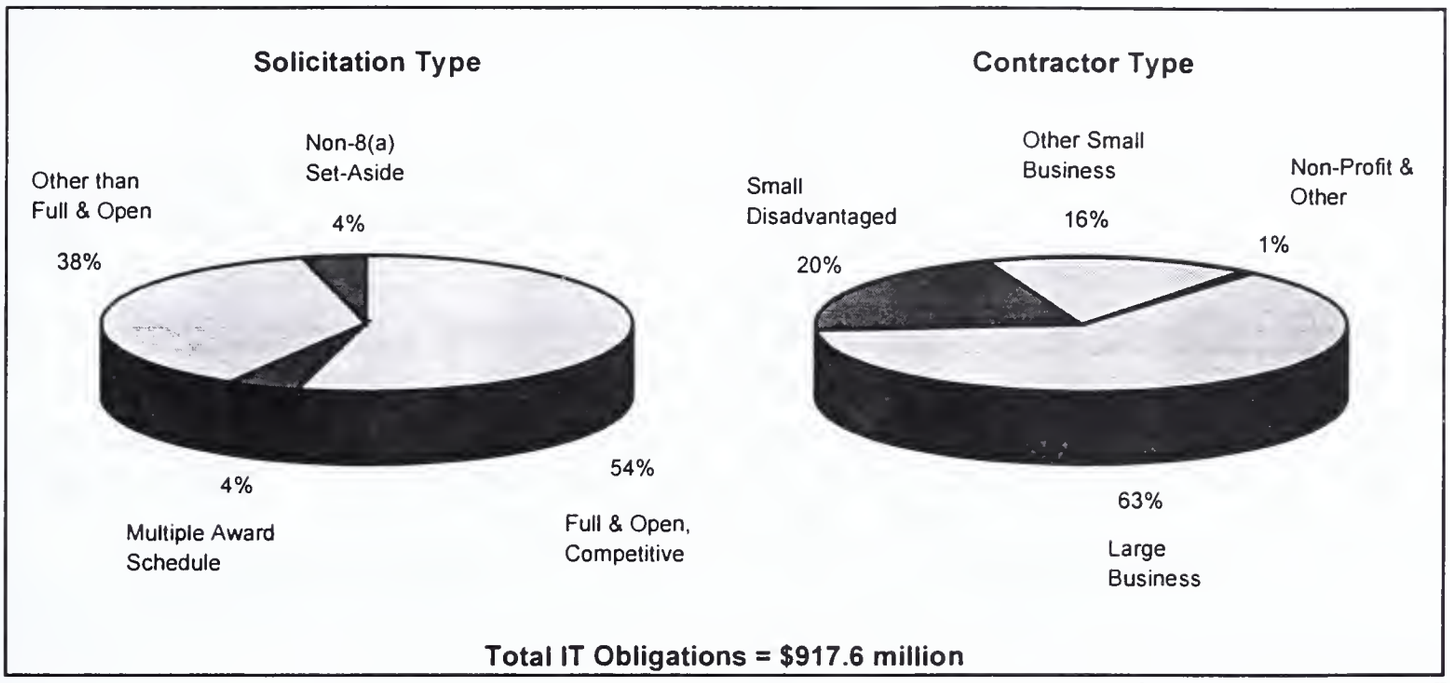
Treasury Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the Department of the Treasury to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency from 4QFY 1995 to 3QFY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational, sheltered workshop and foreign organizations, as well as state and local governments, comprise the "non-profit and other" contractor component.

Exhibit 5

Acquisition Profile for the Department of the Treasury
4QFY 1995 - 3QFY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of the Treasury is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 73% of Treasury's total IT obligations from 4QFY 1995 to 3QFY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between July 1, 1995 and June 30, 1996.

Exhibit 6

Top Contractors at Treasury
4QFY 1995 - 3QFY 1996

1. AT&T Corporation
2. Computer Sciences Corporation
3. Northrop Grumman Corporation
4. IBM Corporation
5. TRW, Inc.
6. Unisys Corporation
7. Lockheed Martin Corporation
8. Eastern Computers, Inc.
9. Sysorex Information Systems
10. Uniband, Inc.

Source: FPDC

Exhibit 7

Top Department of the Treasury Obligations by State
4QFY 1995 - 3QFY 1996

State	IT Obligations	State	IT Obligations
1. Washington, DC	$295,916	11. Florida	$9,942
2. Virginia	210,442	12. Texas	8,950
3. Maryland	162,516	13. New York	5,529
4. California	98,569	14. Massachusetts	5,289
5. West Virginia	24,142	15. Ohio	4,627
6. North Dakota	18,922	16. Pennsylvania	2,322
7. Kentucky	17,681	17. Oklahoma	2,314
8. Tennessee	14,465	18. Michigan	2,214
9. Georgia	14,460	19. Minnesota	2,088
10. New Mexico	11,696	20. Utah	1,054

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

At least 47 major IT contracts are currently active at the Department of the Treasury. Due to their volume, Exhibit 8 provides a brief overview of only those contracts with known values exceeding $50 million. Currently, the agency has 36 major indefinite delivery/indefinite quantity (IDIQ) contract vehicles in place, which have a potential combined life-time value of $4.7 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the Department of the Treasury

Program	Type	Size	Description
1. Integrated Collection System (ICS)	Professional Services — IDIQ	$340M 7 yrs.	Under the umbrella Tax Systems Modernization (TSM) effort, Lockheed Martin (formerly Loral) provides the IRS with processing capabilities to automate and integrate the Automated Collection System and the Service Center Replacement System. Awarded in December 1990.
2. Treasury Multiuser Acquisition Contract (TMAC)	Hardware/ Software — IDIQ	$1.4B 6 yrs.	Under the umbrella TSM effort, AT&T provides the IRS and other Treasury agencies with integration services and multiuser systems. Deliverables include workstations, multiuser CPUs, terminals, local area networks and file servers. This program is currently being replaced by the TDPI acquisition (no. 17 below). Awarded in July 1991.
3. Integration Support Contract (ISC)	Professional Services — Cost Plus Award Fee	$300M 12 yrs.	TRW provides planning, engineering, implementation and integration services in support of the IRS' Tax Systems Modernization program. Awarded in December 1991.
4. Purchase of Computer Systems	Hardware/ Software — Unk.	$61M 5 yrs.	Unisys provides the IRS with ten 2200s, including maintenance and support services. Awarded in September 1992.
5. Service Center Recognition/Image Processing Systems (SCRIPS)	Hardware/ Software — IDIQ	$88M 8 yrs.	Under the umbrella TSM effort, Northrop Grumman provides hardware, software, training and support services to facilitate existing IRS applications and automated document processing. Awarded in February 1993.
6. Corporate Systems Modernization/Mirror Image Acquisition (CSM/MIA)	Hardware/ Software — IDIQ	$84M 8 yrs.	Under the umbrella TSM effort, Vion Corporation provides IBM compatible mainframe equipment, maintenance and support for IRS Computing Centers in Martinsburg, WV and Detroit, MI. Awarded in January 1994.
7. Document Processing System (DPS)	Hardware/ Software — Cost Plus Award Fee	$1.3B 15 yrs.	Under the umbrella TSM effort, Lockheed Martin provides the IRS with ADP equipment, software, support services, telecommunications and user system interfaces for electronic tax return conversion and processing. Awarded in February 1994.
8. Printer Replacement to Integrate New Tools (PRINT)	Hardware/ Software — IDIQ	$77M 5 yrs.	Federal Data Corporation provides the IRS with an automated, high speed, non-impact printing system comprised of a CPU unit, printers, a high level language compiler and paper handling equipment. Awarded in June 1994.

Major Contracts at the Department of the Treasury (cont.)

Program	Type	Size	Description
9. Treasury Information Processing Support Services (TIPSS)	Professional Services — IDIQ	$900M 5 yrs.	14 vendors provide integration, engineering, financial processing and telecommunications services to upgrade and integrate IRS and other Treasury data processing systems in accordance with the Tax Systems Modernization program. Awarded from September 1994 to June 1995.
10. Service Center Support System (SCSS)	Professional Services — IDIQ	$520M 12 yrs.	Under the umbrella TSM effort, Unisys provides systems and integration services for IRS Service Centers and the Martinsburg Computing Center to link existing information systems with those of TSM. Awarded in May 1995.
11. Telecommunications Services (S-NET)	Network Services — IDIQ	$56M 8 yrs.	US Sprint provides network services, maintenance and operation of the U.S. Secret Service's integrated data communications network, which supports mainframe computer processors, workstations, facsimile devices and electronic messaging functions. Awarded in May 1995.
12. Storage Peripheral Replacement on Unisys Computer Equipment (SPRUCE)	Hardware/ Software — IDIQ	$106M 9 yrs.	Unisys provides storage peripheral replacements at each of the IRS' Service Centers until the Service Center Support System (SCSS) is fully operational. Awarded in June 1995.
13. Treasury Department Acquisition II (TDA II)	Hardware/ Software — IDIQ	$110M 2 yrs.	Concept Automation provides the IRS and other Treasury bureaus with commercial off-the-shelf office automation products and operating system software. Awarded in July 1995.
14. Treasury Communications System (TCS)	Network Services — IDIQ	$426M 10 yrs.	TRW provides network security and data communications between all Treasury and other federal and commercial locations for domestic and international requirements. Awarded in September 1995.
15. Treasury Department Acquisition II 8(a) (TDA II 8a)	Hardware/ Software — IDIQ	$116M 2 yrs.	Win Labs provides the IRS and other Treasury bureaus with commercial off-the-shelf office automation microcomputer workstations, notebook computers, printers and peripheral devices. Awarded in January 1996.
16. Long Term Maintenance Computing Centers (LTMCC)	Hardware/ Software — IDIQ	$79M 5 yrs.	Automated Systems and Programming, Inc. provides the IRS with FIP hardware and software resources for equipment maintenance, software license and maintenance support and general support services. Awarded in May 1996.
17. Treasury Distributed Processing Infrastructure (TDPI)	Hardware/ Software — BPA	$500M Unk.	Under Lot 1 of the anticipated 9 in the TDPI blanket purchase agreement (BPA) to replace TMAC, Sylvest Management Systems provides workstations and server components to all Treasury bureaus. Remaining Lots to be awarded will provide Win-32-based hardware, communications hardware, power equipment and database management software. Awarded in February 1997.

Source: INPUT

Issues at Treasury

1. On February 14, the Department of the Treasury selected Sylvest Management Systems Corporation in the first of a series of anticipated blanket purchase agreements (BPAs) collectively known as the Treasury Distributed Processing Infrastructure (TDPI). While the contract remains to be signed, Sylvest is to provide all Treasury bureaus with workstations and server components through its existing GSA Federal Supply Schedule. The Sylvest BPA alone has an estimated maximum value of $500 million. Treasury plans to award eight additional BPAs with GSA schedule holders for Win-32-based hardware, communications hardware, power equipment and database management software, among others.

The overall $1.4 billion TDPI effort is designed to procure a department-wide open systems client/server distributed processing solution and associated components. The new architecture will replace the Treasury Multiuser Acquisition Contract (TMAC) awarded to AT&T in 1991, which was designed to streamline the department's acquisition process for microcomputers and related peripherals. Instead of relying on one vendor, Treasury opted for a BPA with multiple vendors under TDPI to take full advantage of eased buying regulations and pricing mechanisms activated by the Clinger-Cohen Act of 1996. Once fully implemented, TDPI will provide for the acquisition of 50,000 workstations, 3,000 multiuser CPUs, 10,000 terminals, as well as local area networks and file servers.

2. The General Accounting Office (GAO) released a summary of its High-Risk Series reports on February 1 (HR-97-2), which provides a reference to the status of 20 high-risk program areas it has tracked for several months. Of the 20 federal program areas, the Department of the Treasury is detailed in six — the highest ratio for any single executive department. Specifically, the areas in which GAO is stressing Congressional review and management restructuring for the Department of the Treasury include:

- The IRS' multibillion dollar Tax Systems Modernization (TSM) program, which has repeatedly run into implementation delays, cost overruns and performance shortcomings
- IRS financial management practices, which have diminished the IRS' ability to assess the results of operations or measure performance
- Problems in the management and collection of tax accounts receivable
- Significant levels of tax filing fraud
- The U.S. Customs Service's financial management practices and systems
- The asset forfeiture programs and their oversight within the Customs Service and the Department of Justice

3. Several recent GAO reports (AIMD/GGD-96-152, T-AIMD/GGD-96-188 and T-AIMD/GGD-97-22) have highlighted the "critical need" to improve business operations at the Internal Revenue Service. Technical and management weaknesses at the agency have already resulted in major Congressional steps against the IRS and its activities, including a sharp reduction in federal funding for the Tax Systems Modernization program and personnel expenses. These ongoing problems and the IRS' inability to solve them led to the creation of the National Commission on Restructuring the Internal Revenue Service in the 1996 Treasury-Postal Service appropriations bill.

While sweeping changes have been proposed and partially implemented by the 17-member Congressional commission, GAO and IRS officials now stress that the agenda for restructuring the agency is too ambitious

and widespread and lacks a clear and prioritized strategy. IRS CIO Arthur Gross recently announced that information system interoperability must be the key priority in business operations reform, stressing that most of the agency's problems stem from fragmented customer service systems. The commission is expected to release a final report on optimal reorganization this summer.

4. IRS restructuring has inevitably targeted personnel as a major area of reform and reduction. In 1996, Congress approved the terms and conditions of the IRS employee buyout plan. However, the number of IRS employees to be cut remains unclear. Estimates of job reductions have ranged from 2,000 to 5,000, while Robert Tobias, president of the National Treasury Employees Union (NTEU) currently believes the number of IRS buyouts will be approximately 3,400 — roughly the same number the agency estimates it will eliminate from field and headquarters staff. Information systems staff throughout the agency will likely comprise 24% of the proposed layoffs.

Facing substantial employment reductions, agency-wide reorganization and TSM funding cuts, the IRS is continuing the development of a plan to outsource its tax returns processing entirely. Mandated by Congress in 1996, the Internal Revenue Service has compiled a report, *Study of the Feasibility of Outsourcing Submissions Processing*, which details the ability of vendors to take over return processing systems. In the report, the agency stresses that current IRS systems must still be upgraded and replaced since the earliest date full outsourcing could begin is the year 2001.

5. The General Services Administration has granted the Treasury Department $1 million to conduct a one-year pilot selling e-mail to other federal agencies. The franchise service is expected to duplicate the Treasury Communications System (TCS), the department-wide consolidated data communications network implemented by TRW, by offering messaging, directory services and an electronic commerce clearinghouse on a fee-for-service basis. While user needs and a cost structure still need to be developed, many agencies with antiquated or no messaging systems have already expressed their interest.

6. The IRS is distributing free software to companies to foster the use of electronic tax filing and to help them meet electronic filing requirements — software similar to that which several vendors currently sell. The agency requires businesses depositing more than $50,000 in employment taxes during 1995 or 1996 to begin using the Electronic Federal Tax Payment System (EFTPS) January 1, 1998, and those depositing more than $20,000 during 1997 to begin using it January 1, 1999. Also proposed is a penalty of up to 10% for those who neglect to use EFTPS as required.

In addition to software packages, the Internal Revenue Service is developing several applications to advance alternative filing methods and electronic information access, collectively known as Automated Self-Service Applications (ASSA). ASSA consists of the Telephone Routing Interactive System (TRIS), the Predictive Dialer and the Automated Tax Law System. Taken with other applications such as TeleFile and Form 1040PC, the IRS claims that the use of alternate filing methods increased 49% from 1995 to 1996, from 14.7 million to 22.0 million returns, respectively.

7. In a recent report entitled *Selected Tax Policy Implications of Global Electronic Commerce,* the Department of the Treasury announced that excise tax on electronic commerce (EC) would not be imposed. With recent exponential growth in electronic commerce and monetary transfers over the

Internet, the implications of inconsistent domestic and international taxation jurisdictions have become a central concern of the department's Tax Policy Office. The report takes the position that tax neutrality will allow information technology and electronic commerce to reach their full potential and that such technology should not be used to justify new taxes. Treasury is currently not considering any type of value added tax or "bit" tax on EC. The report can be downloaded on the Internet at http://www.ustreas.gov/treasury/tax/internet.html.

On-Line Information Resources

The Department of the Treasury maintains a World Wide Web home page accessible at http://www.treas.gov. This site contains press releases, departmental correspondence and related public affairs information. Links to the home pages of Treasury's various bureaus and offices are also provided for more detailed information on their respective program activities and organization. Treasury does not typically post its acquisition activity on the Internet, and a fair amount of searching on individual bureau home pages is required to find any procurement opportunity.

Three bureaus do offer useful procurement sites, while posted opportunities are not necessarily for IT products or services. The Office of Small and Disadvantaged Business Utilization offers information on conducting business with Treasury and a forecast of contract opportunities at http://www.ustreas.gov/treasury/bureaus/sba/sba.html. The Bureau of Engraving and Printing's Office of Procurement maintains an on-line site for contract administration and its IT Contracts Division at http://www.ustreas.gov/treasury/bureaus/bep/proc/proc1.html. Also, the Financial Management Service posts its procurement opportunities at http://www.fms.treas.gov/procure.html.

Finally, the Department of the Treasury maintains a number of electronic bulletin board systems (BBS) for general procurement information. Treasury's department-wide BBS can be accessed at (202) 219-9996. Also available are the IRS Procurement BBS at (202) 799-0943 and the IRS Information Systems Support BBS at (202) 219-9835, which contain documents related to the current TDPI acquisition, among others.

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This Agency Profile is issued as part of INPUT's Federal IT Market Analysis Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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Other Services

Acquisition/partnership searches

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Agency Profile

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Department of Labor

Purpose

The Department of Labor (DOL) is responsible for fostering, promoting and developing the welfare of wage earners in the United States. It engages in efforts to improve conditions in the workplace, advance worker opportunities for profitable employment and define and enforce regulations to protect worker rights. The Department of Labor also collects and publishes statistics on employment, pricing and other national economic measurements.

Table of Contents

Organization

DOL was created by Act of March 4, 1913 (29 U.S.C. 551) as the ninth executive department. It began operations with four bureaus — Bureau of Labor Statistics, Bureau of Immigration, Bureau of Naturalization and Children's Bureau — which were transferred from what was previously known as the Department of Commerce and Labor.

The Secretary of Labor is the head of the department and serves as the principal advisor to the President on the development and execution of policies and the enforcement of laws relating to wage earners, their working conditions and their employment opportunities. The Secretary also serves a concurrent term as Chairman of the government-owned Pension Benefit Guaranty Corporation (PBGC). The Office of the Secretary includes the Offices of Deputy Secretary, Inspector General, the 11 Assistant Secretaries, Chief Financial Officer and the Solicitor of Labor, among others.

The department's jurisdiction in labor policy and law is divided among seven major program agencies and three program-related organizations. Furthermore, under the direction of the Secretary and Deputy Secretary of Labor, the Office of Administrative Law Judges, Office of Administrative Appeals and three appellate boards conduct appeals and review activities related to the labor laws of the United States.

The Department of Labor is currently administered by Acting Secretary Cynthia A. Metzler, while Alexis M. Herman is the Secretary designate awaiting Senate confirmation. DOL employs approximately 15,200 people nationwide, a 5% reduction from approximately 16,000 people at this time last year. Roughly 35% of the department's employees are located in the Washington, DC area. The functions of the Department of Labor are carried out at its Washington, DC headquarters and at the various headquarters and regional offices of its operating bureaus. The organizational structure of the department is presented in Exhibit 1.

Program Activities

Below are the primary organizations within the Department of Labor, which offer insight to the agency's major program activities:

a. Employment and Training Administration
The Employment and Training Administration, through a variety of programs, fulfills responsibilities assigned to the Secretary of Labor that relate to employment services, job training and unemployment insurance. Component offices and services of the administration administer a federal-state employment security system, fund and oversee programs to provide work experience and training for groups having difficulty entering or returning to the work force, formulate and promote apprenticeship standards and programs and conduct continuing programs of research, development and evaluation.

Exhibit 1

Department of Labor Organization

Secretary of Labor

Deputy Secretary

Secretariat:

- Assistant Secretary for Administration and Management
- Assistant Secretary for the American Workplace
- Assistant Secretary for Congressional and Intergovernmental Affairs
- Assistant Secretary for Employment and Training
- Assistant Secretary for Mine Safety and Health
- Assistant Secretary for Occupational Safety and Health
- Assistant Secretary for Pension and Welfare Benefits
- Assistant Secretary for Policy
- Assistant Secretary for Public Affairs
- Assistant Secretary for Veterans' Employment and Training
- Assistant Secretary for Employment Standards
- Executive Secretariat
- Chief Financial Officer
- Solicitor
- Inspector General
- Small Business and Minority Affairs

Program Agencies and Related Organizations:

- Occupational Safety and Health Administration
- Employment and Training Administration
- Mine Safety and Health Administration
- Pension and Welfare Benefits Administration
- Employment Standards Administration
- Veterans' Employment and Training Service
- Bureau of Labor Statistics
- Bureau of International Labor Affairs
- Women's Bureau
- Office of the American Workplace

Appellate Organizations:

- Office of Administrative Law Judges
- Office of Administrative Appeals
- Benefits Review Board
- Employees' Compensation Appeals Board
- Wage Appeals Board and Board of Service Contract Appeals

Source: U.S. Government Manual 1996/1997

The administration has five major components that cover employment security, job training, planning and policy development, financial and administrative management and regional management. These components are comprised of the following offices:

- Federal Unemployment Insurance Service
- United States Employment Service
- Office of Work-Based Learning
- Office of Worker Retraining and Adjustment Programs
- Office of Trade Adjustment Assistance
- Bureau of Apprenticeship and Training
- Office of Job Training Programs
- Senior Community Service Employment Program
- Office of Regional Management

b. Office of the American Workplace
The Assistant Secretary for the American Workplace is responsible for administering statutory programs to certify employee protection provisions of various federally sponsored transportation programs. The office also safeguards the financial integrity and internal democracy of American labor unions, and it assists the unions in improving their organizational and administrative effectiveness. Major components include:

- Office of Labor-Management Programs
- Office of Labor-Management Standards

c. Pension and Welfare Benefits Administration
The Pension and Welfare Benefits Administration (PWBA) strives to protect the economic future and retirement security of working Americans, as required under the Employment Retirement Income Security Act of 1974 (ERISA) (29 U.S.C. 1001). The administration is charged with assuring responsible management of nearly 1 million pension plans and 4.5 million health and welfare plans, and it has oversight of a vast private retirement and welfare benefit system. Its major activities include formulating current and future policy, conducting research, issuing regulations and technical guidance, enforcing ERISA requirements and educating the public about ERISA.

d. Employment Standards Administration
The Assistant Secretary for Employment Standards has responsibility for the administration and direction of the nation's employment standards programs. Programs encompass minimum wage and overtime standards, registration of farm labor contractors, determining prevailing wage rates to be paid on government contracts and subcontracts, nondiscrimination and affirmative action for minorities, women, veterans and handicapped government workers and workers' compensation programs for federal employers and employees. Primary components of the administration include:

- Wage and Hour Division
- Office of Workers' Compensation Programs

e. Occupational Safety and Health Administration
The Occupational Safety and Health Administration is primarily responsible for developing and promulgating occupational safety and health standards. It also develops and issues regulations, conducts investigations and inspections to determine the status of compliance with safety and health standards and regulations, and it issues citations and proposes penalties for noncompliance with safety and health standards and regulations.

f. Mine Safety and Health Administration
The Assistant Secretary of Labor for Mine Safety and Health has responsibility for safety and health in the nation's mines. Under the Assistant Secretary, the administration develops and promulgates mandatory safety and health standards, ensures compliance with such standards, assesses civil penalties for violations and investigates accidents. It cooperates with and provides assistance to the states in the development of state mine safety and health programs, conducts training programs in cooperation with states and the mining industry and, in coordination with the Department of Health and Human Services and the Department of Energy, contributes to the improvement and expansion of mine safety and health research and development.

g. Bureau of Labor Statistics
The Bureau of Labor Statistics (BLS) is the principal data-gathering agency of the federal government in the broad field of labor economics. The bureau collects, processes, analyzes and disseminates data relating to employment, unemployment and other characteristics of the labor force, prices and consumer expenditures, wages, other worker compensation and industrial relations, productivity and technological change, economic growth and employment projections, as well as occupational safety and health. Most of the data are collected in surveys conducted by the bureau, the Bureau of the Census (on a contract basis) or on a cooperative basis with state agencies.

h. Veterans' Employment and Training Service
The Veterans' Employment and Training Service serves as the principal advisory body to the Secretary of Labor in the formulation and implementation of all departmental policies, procedures and regulations affecting veterans. It is also responsible for administering veterans' employment and training programs and activities to ensure that legislative and regulatory mandates are accomplished. To provide technical assistance to state and local organizations, the service operates under a nationwide network that includes Regional Administrators, Directors (in each state) and Assistant Directors (one for each 250,000 veterans in each state) for Veterans' Employment and Training, Assistant Regional Administrators, Veterans' Program Specialists and program support staff.

i. Women's Bureau
The Women's Bureau is responsible for formulating standards and policies that promote the welfare of wage earning women, improving their working conditions, increasing their efficiency and advancing their opportunities for profitable employment.

j. Bureau of International Labor Affairs
The Bureau of International Labor Affairs (ILAB) carries out the Department of Labor's international responsibilities under the direction of the Deputy Under Secretary for International Affairs. More specifically, it assists in formulating international economic, trade and immigration policies affecting American workers. The bureau also represents the United States at delegations to multilateral and bilateral trade negotiations and in a host of international governmental organizations (IGOs).

Program Budget

Total federal funding for the Department of Labor is projected to increase moderately from $6.6 billion in FY 1996 to $7.9 billion in FY 2002, at a compound annual growth rate (CAGR) of 3%. The primary growth driver is funding for the Employment and Training Administration, which comprised 77% of Labor's total federal funding in FY 1996 and is growing 3% annually. The department is primarily funded through established trust funds, which accounted for 82% of DOL's total funding in fiscal year 1996. Trust funds are anticipated to sustain a CAGR of 4% from FY 1996 to FY 2002, growing from $27.3 billion to $34.3 billion, respectively.

The program budget for the Department of Labor is presented in Exhibit 2. These figures represent gross funds and do not account for offsetting collections or changes in orders on hand from federal sources, unless otherwise indicated.

Exhibit 2

Program Budget of the Department of Labor

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Employment and Training Admin.	$5,084	$5,758	$6,684	$6,978	$7,265	$6,096	$6,236
Office of the American Workplace	2	NA	NA	NA	NA	NA	NA
Pension and Welfare Benefits Admin.	67	77	84	84	84	84	84
Employment Standards Administration	497	515	525	522	513	510	507
Occupational Safety and Health Admin.	304	325	348	348	348	348	348
Mine Safety and Health Administration	196	197	206	206	206	206	206
Bureau of Labor Statistics	292	309	327	327	327	327	327
Departmental Management	186	187	195	195	195	195	195
Total Federal Funds (gross)	**6,628**	**7,368**	**8,369**	**8,661**	**8,938**	**7,766**	**7,902**
Total Trust Funds	**27,259**	**27,678**	**29,722**	**30,961**	**32,032**	**33,235**	**34,308**
Total Departmental Funding (net)	**33,434**	**34,421**	**37,475**	**39,004**	**40,343**	**40,301**	**41,525**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The information technology (IT) budget of the Department of Labor is anticipated to sustain a CAGR of 12% from FY 1996 to FY 2001, from $123 million to $211 million, respectively. This strong projected growth is primarily driven by increasing demand for capital purchases of hardware and software, as well as support services — the largest single component of the IT budget. Software leasing and personnel expenditures are expected to decline over the period shown, the latter reflective of an ongoing effort to downsize the entire agency.

Also of note is the contracted portion of the IT budget, which excludes existing supplies and personnel. Spending in obligations addressable to industry comprised 75% of the total information technology budget in FY 1996 at $92 million, which will likely grow to 85% in FY 2001 at $180 million — a growing share of a rapidly growing budget.

The Department of Labor information technology budget is provided in Exhibit 3. Figures are rounded and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Department of Labor

Category	Spending in Obligations by FY in $ Millions						CAGR 1996-2001
	1996	1997	1998	1999	2000	2001	
Equipment:							
Capital Purchases	$12.7	$29.3	$30.5	$32.0	$34.0	$36.3	23%
Other Purchases and Leases	12.3	11.8	12.3	12.9	13.6	14.6	3%
Total Equipment	**25.0**	**41.1**	**42.8**	**44.9**	**47.6**	**50.9**	**15%**
Software:							
Capital Purchases	2.4	8.1	8.6	9.2	9.9	10.8	35%
Other Purchases and Leases	5.2	2.8	3.0	3.2	3.4	3.7	-7%
Total Software	**7.6**	**10.9**	**11.5**	**12.3**	**13.3**	**14.5**	**14%**
Services (Processing and Telecom.)	**9.0**	**10.7**	**11.1**	**11.6**	**12.3**	**13.2**	**8%**
Support Services	**50.5**	**70.8**	**76.4**	**83.3**	**91.6**	**101.7**	**15%**
Contracted Out Portion of IT Budget	**92.0**	**133.4**	**141.8**	**152.2**	**164.9**	**180.4**	**14%**
Supplies	**3.6**	**5.4**	**5.6**	**5.9**	**6.2**	**6.7**	**13%**
Personnel	**27.0**	**32.4**	**31.1**	**29.3**	**26.9**	**24.2**	**-2%**
Total IT Budget	**122.6**	**171.2**	**178.5**	**187.3**	**198.0**	**211.2**	**12%**

Source: Department of Labor and INPUT

IT Contract Opportunities

The major Department of Labor acquisitions summarized below are currently active:

a. Black Lung Automated Support System (BLAS)
Type: TBD
The Department of Labor intends to recompete a facilities management contract to provide services for the Black Lung Automated Support System (BLAS). The current contractor, CSC, provides data entry and service resolution personnel to nine Coal Mine Workers' Compensation Division (CMWCD) district offices and a project service staff for the National Office in Washington, DC.

b. Facilities Management Services
Type: Cost Plus Award Fee
DOL requires system and facility support services for all PBGC mainframe and minicomputer data processing resources. The services to be provided include evaluation, installation and maintenance of all software and hardware supporting the mainframe/minicomputer environment, among others.

c. Software Support
Type: TBD
The Mine Safety and Health Administration has a requirement for four software packages to support its teaching efforts at the Mine Safety and Health Academy in West Virginia. Software must schedule courses, register students and instructors for various subjects and various locations, purge and archive data on selected criteria, import and export data in ASCII format and resolve resource conflicts.

d. Technical Support Services
Type: Labor Hour
The Employment Standards Administration (ESA) requires technical support services for programming, support analysis and data management. Services are intended to support claims processing and payment activities for three Workers' Compensation Programs and a variety of other administrative systems.

Labor Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Department of Labor to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency from 4QFY 1995 to 3QFY 1996.

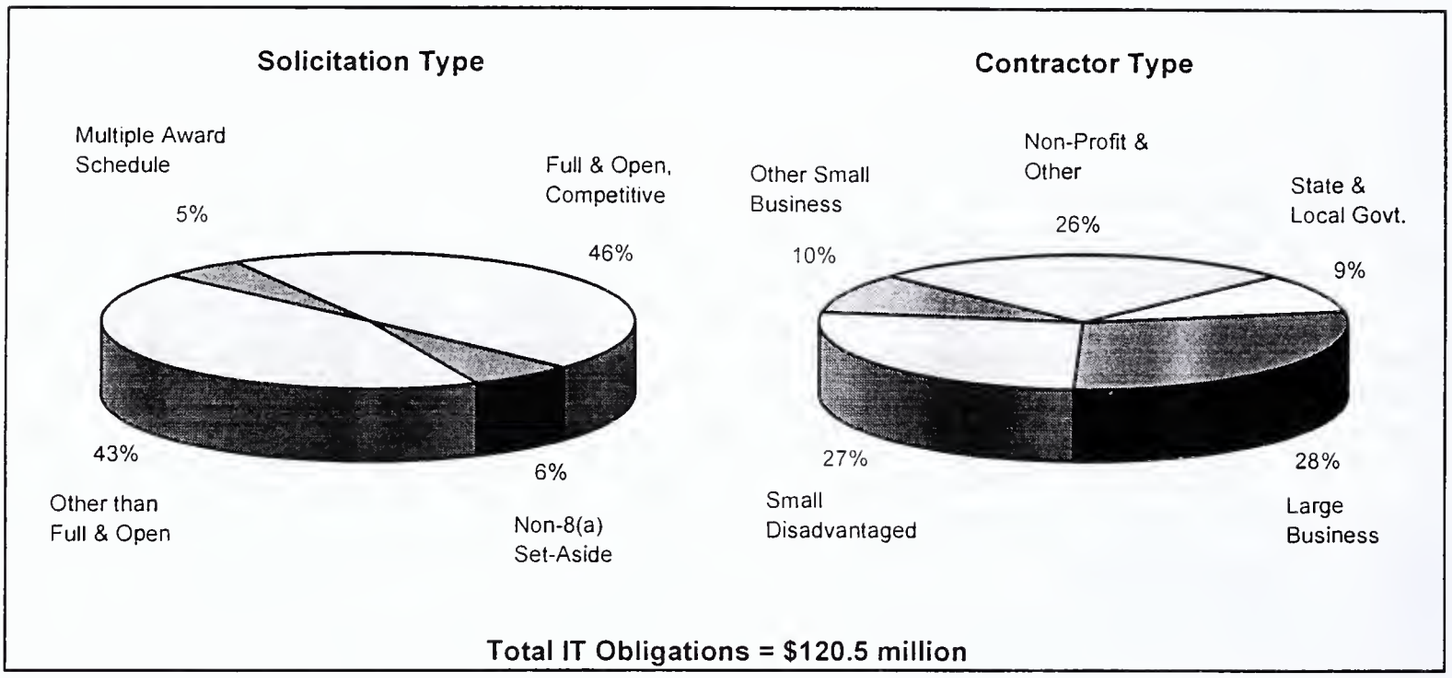
"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit organizations and domestic contractors performing work outside the continental U.S. comprise the "non-profit and other" contractor component.

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of Labor is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised approximately 50% of DOL's total IT obligations from 4QFY 1995 to 3QFY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between July 1, 1995 and June 30, 1996.

Exhibit 4

Acquisition Profile for the Department of Labor
4QFY 1995 - 3QFY 1996



Source: FPDC and INPUT

Exhibit 5

Top Contractors at Labor
4QFY 1995 - 3QFY 1996

1. Computer Sciences Corporation
2. WIN Laboratories
3. Dynamic Educational Systems
4. Management and Training Corporation
5. Government Micro Resources
6. Viatech Systems, Inc.
7. Ellsworth Associates
8. Greenbar Corporation
9. Satellite Service, Inc.
10. User Technology Associates

Source: FPDC

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Department of Labor. Currently, the agency has three major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a potential combined life-time value of $44 million. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 6

Top Department of Labor Obligations by State
4QFY 1995 - 3QFY 1996

State	IT Obligations	State	IT Obligations
1. Washington, DC	$49,113	11. North Carolina	$2,138
2. California	9,688	12. Illinois	1,917
3. Ohio	6,574	13. Alaska	1,895
4. Virginia	6,016	14. Alabama	1,881
5. Maryland	5,573	15. Georgia	1,817
6. Colorado	4,246	16. Florida	1,466
7. Pennsylvania	4,145	17. Iowa	1,452
8. Texas	4,040	18. New York	1,429
9. Washington	3,324	19. Oregon	1,428
10. Mississippi	2,766	20. Michigan	1,137

All figures in $ Thousands *Source: FPDC and INPUT*

Exhibit 7

Major Contracts at the Department of Labor

Program	Type	Size	Description
1. Integrated Management Information System (IMIS)	Hardware/ Software — IDIQ	$13M 7 yrs.	Cedar Cliff Systems provides approximately 200 microcomputers for Occupational Safety and Health Administration field offices to support the UNIX-based Integrated Management Information System (IMIS), designed to provide data on reducing safety and health hazards in the workplace. Awarded in September 1991.
2. Contract for Host Computer Services	Professional Services — IDIQ	$14M 8 yrs.	SunGuard Computer Services provides computer systems support for the Bureau of Labor Statistics, including host computer interactive and batch processing, hardware, software, high speed printing and other related support services. Awarded in March 1992.
3. Technical Support Services	Professional Services — Labor Hour	$78M 5 yrs.	CDSI, Advanced Technology Systems and Viatech Systems provide technical services to the Employment Standards Administration for programming, support analysis and data management. Awarded in June 1992.

Major Contracts at the Department of Labor (cont.)

Program	Type	Size	Description
4. Black Lung Automated Support System (BLAS)	Professional Services — Unk.	$50M 4 yrs.	CSC provides data entry and service resolution personnel to nine Coal Mine Workers' Compensation Division district offices and a project service staff for the National Office in Washington, DC. Approximately 50 to 75 vendor personnel provide program, project management, data entry, public relations and telecommunications support. Awarded in June 1993.
5. Nationwide Local Area Networks	Professional Services — IDIQ	$17M 5 yrs.	Management Systems Designers provides professional services, as well as equipment and software to maintain, enhance and expand the existing local area networks of the Bureau of Labor Statistics. Awarded in September 1994.
6. Student Pay, Allotment and Management Information System (SPAMIS)	Professional Services — Fixed Labor Cost	$14M 5 yrs.	Diversified Technical Services, Inc. provides automated data processing, telecommunications and facilities management services to the Employment and Training Administration (ETA) Job Corps data centers in San Marcos, TX. Awarded in October 1994.
7. Technical Systems Development and Operations Support	Professional Services — Labor Hour	$43M 5 yrs.	User Technology Associates provides task management, system integration engineering, database analysis, software installation, telecommunications support, systems analysis and development and programming services for the Bureau of Labor Statistics. Awarded in February 1996.
8. ADP and Telecommunications Services for SPAMIS	Professional Services — Cost Plus Fixed Fee	$14M 5 yrs.	Cimarron provides support services for systems redesign, development and ongoing operations supportive of the Employment and Training Administration's (ETA) Student Pay, Allotment and Management Information System (SPAMIS). Awarded in August 1996.
9. ADP Services for Unemployment Insurance Services	Professional Services — Labor Hour	$24M 1 yr.	Base Technology, Inc. provides systems development and maintenance, programming, quality control, networking, computer security, desktop publishing, technical support, database development and general software support for DOL's Unemployment Insurance Service. Awarded in September 1996.

Source: INPUT

Issues at Labor

1. Information technology priorities and challenges at the Department of Labor were highlighted in a recent *Government Executive* IRM Roundtable discussion with federal CIOs. DOL's CIO Patricia W. Lattimore noted the following priority projects for the department:

- Internet/Intranet — providing on-line access to employment data and internal administrative information
- Consumer Price Index — revising systems for providing inflation data
- ERISA Filing Acceptance System — continuing efforts to automate processes for collecting tax information

Significant challenges faced by the department include generating sufficient resources to maintain productivity, defining and implementing new legislative mandates and convincing DOL agencies of the value in shared systems and resources. According to Lattimore, the hottest technology for Labor will be multimedia, which enables new approaches to enforcement, training, information dissemination, public awareness and other program activities.

2. The Employment Standards Administration (ESA) expects to award its five-year, $80 million Technical Support Services requirement in late May of this year. The anticipated contract — which is currently held by Advanced Technology Systems, CDSI and Viatech Systems — will provide the necessary support services for ESA's Workers' Compensation claims processing and payment activities. The awardee will also be required to support compliance monitoring and tracking systems for Fair Labor Standards, immigration and affirmative action programs for federal contractors. An RFP for the full and open recompetition was released on December 16, 1996 and bids were due on February 18, 1997. The current five-year contracts are due to expire in June 1997.

3. GAO recently discussed (T-HEHS-97-85) the major challenges faced by the Department of Labor in achieving its mission, focusing on the efficiency and effectiveness of its employment and training programs. The report asserts that while DOL has historically been the focal point for workforce development activities, it faces the challenge of performing its mission in the context of an uncoordinated system of multiple programs operated by numerous departments and agencies. In fiscal year 1995, 163 federal employment training programs were conducted among 15 different departments and agencies — only 37 of which were in Labor. These employment and training programs, which had a total budget of $20.4 billion, often had similar goals, conflicting requirements, overlapping target populations and questionable outcomes. Legislation to consolidate such programs was introduced but never passed by the 104th Congress, leaving Labor responsible for rectifying the inefficiency of federal training. According to GAO, DOL has taken some steps toward this end, but not enough to correct the problem.

4. The Department of Labor is moving forth with its $50 million Black Lung Automated Support System (BLAS) recompetition. Current contractor CSC provides data entry and service resolution personnel to nine Coal Mine Workers' Compensation Division (CMWCD) district offices and a project service staff for the National Office in Washington, DC. Approximately 50 to 75 vendor personnel provide program, project management, data entry, public relations and telecommunications support.

The anticipated four-year BLAS program will provide a data processing environment and related support services for tracking the program's caseload; receipt, evaluation and payment of medical service bills submitted for payment; payment of monthly benefits; accounting for receipts and disbursements; handling of inquiries by program beneficiaries and medical service providers; and a variety of related and supporting services. BLAS is composed of seven major subsystems, support of which will be outsourced under the current opportunity. Subsystems include the Medical Bill Processing Subsystem (MBPS), the Claimant Information Processing Subsystem (CIPS), the Disability Benefits Processing Subsystem (DBPS), the Black Lung Accounting Subsystem (BLAS), the Management Information Subsystem (MIS), Interagency Data Exchange (IADE) and the Access Control Subsystem (ACS).

Bids for the BLAS recompetition were due on February 18, 1997, and the contracting office expects an award in early June 1997.

5. Upon Congressional request, GAO recently released a report (HEHS-96-178) reviewing Department of Labor and Department of Education field structures in order to track the progress of their ongoing streamlining efforts. Namely, GAO provides information on field office locations, functions, staffing, space and operating costs, as well as proposed structural changes.

In fiscal year 1995, approximately 65% of DOL's total workforce of 17,600 was allocated to its 1,074 field offices. This is reflective of the agency's varied responsibilities requiring an on-site presence, such as inspecting mines and other work places, enforcing minimum wage and other overtime laws, in addition to overseeing job training programs. The Department of Labor spent $755 million in support of such field operations in FY 1995, more than three quarters of which was allocated to staff salaries and benefits. In an effort to reduce overhead costs, eight DOL components already have restructuring plans and the Office of the Solicitor has eliminated one field office. Otherwise, little concrete action has taken place in the department's overall streamlining initiatives.

6. In an effort to expand information dissemination to the public, the Bureau of Labor Statistics (BLS) recently migrated much of its mainframe data to a Web server. Until late last year, BLS used its LABSTAT repository for federal labor and wage information, a mainframe-based data warehouse dating to 1977. In addition to expanding access to BLS resources beyond internal users and a handful of external users with mainframe accounts, the new delivery mode allows keyword and subject matter queries. Major products on the server, accessible at http://stats.bls.gov, include wage, price and employment trends, surveys on productivity and technology, as well as foreign labor statistics, among others.

The Department of Labor is also using the Internet to assist people in finding work by hosting America's Job Bank, a repository for approximately 500,000 public and private sector jobs. The site also provides links to numerous state job repositories. America's Job Bank can be accessed at http://www.ajb.dni.us.

On-Line Information Resources

The Department of Labor maintains a World Wide Web home page accessible at http://www.dol.gov. This site offers links to various resources at the department, including wage and pension public service information, departmental organizations and mission areas, media releases and regulatory information. Also provided is a link to grant and contract information at DOL, which can be directly accessed at http://www.dol.gov/dol/oasam/public/grants/main.htm.

Posted at this site are major procurement initiatives, Labor's annual acquisition plan, information on agency credit card programs and searchable indexes of grant and contracting personnel. While IT initiatives and guidelines are not necessarily isolated from others, a small amount of searching can uncover IT opportunities and contract information, which are often posted here. Additional acquisition resources are located on individual DOL agency home pages, links to which are provided on Labor's home page.

Major Points of Contact

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† Alexis M. Herman is the designate Secretary of Labor and currently awaits Senate confirmation

This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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- Software and Services Vendors
- U.S. Federal Government
  - Procurement Plans (PAR, APR)
  - Forecasts
  - Awards (FAIT)

Custom Projects

For Vendors—analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers—evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

Other Services

Acquisition/partnership searches

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Agency Profile

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Department of Housing and Urban Development

Purpose

The Department of Housing and Urban Development (HUD) is the principal federal agency responsible for programs concerned with the nation's housing needs, fair housing opportunities, as well as improvement and development of the nation's communities.

Table of Contents

Organization

HUD was established on November 9, 1965 by the Department of Housing and Urban Development Act (42 U.S.C. 3532-3537).

The department is administered by the Secretary of Housing and Urban Development, appointed by the President with the advice and consent of the Senate, who is principally aided by the Deputy Secretary, the Senior Advisor to the Secretary, the Chief of Staff, the Assistant for Labor Relations, Chief Financial Officer, Inspector General and the several Directors, among others. Eight Assistant Secretaries have direct oversight of the department's various functional offices and serve as key advisors to the Secretary on all housing and community development issues.

HUD's policy jurisdiction in housing, community development, loans and mortgages is divided among 10 regions whose boundaries are prescribed by the Secretary. Each field office is headed by a Secretary's Representative, who is responsible to the Secretary for the management of the department's activities in the respective district.

The Department of Housing and Urban Development is currently headed by Secretary Andrew M. Cuomo and employs approximately 11,400 people nationwide, a 3% reduction from approximately 11,700 people at this time last year. As a relatively decentralized agency, roughly 28% of the department's employees are located in the Washington, DC area. The functions of the department are carried out at its Washington, DC headquarters and at the various regional headquarters and field offices.

The organizational structure of the Department of Housing and Urban Development is presented in Exhibit 1.

Program Activities

Below are the primary functions of the Department of Housing and Urban Development:

a. Housing
Under the Assistant Secretary for Housing, also the Federal Housing Commissioner, the department underwrites single family, multifamily, property improvement and manufactured home loans. HUD also administers special purpose programs designed specifically for the elderly and the handicapped, and it conducts assisted housing programs for low-income families who cannot afford standard housing. Grants are made available to fund resident ownership of multifamily house properties development. Furthermore, the Department of Housing and Urban Development strives to protect consumers against fraudulent practices of land developers and promoters.

b. Community Planning and Development
The Office of Community Planning and Development administers grant programs to help communities plan and finance their growth and development, increase their

Exhibit 1

HUD Organization

Secretary of Housing and Urban Development

Deputy Secretary

Secretariat:

- Assistant Secretary for Administration
- Assistant Secretary for Planning and Development
- Assistant Secretary for Public and Indian Housing
- Assistant Secretary for Public Affairs
- Assistant Secretary for Fair Housing and Equal Opportunity
- Assistant Secretary for Housing/Federal Housing Commissioner
- Assistant Secretary for Congressional and Intergovernmental Relations
- Assistant Secretary for Policy Development and Research
- Senior Advisor to the Secretary
- Assistant to the Secretary for Labor Relations
- Assistant to the Deputy Secretary for Field Management
- Director, Office of Federal Housing Enterprise Oversight
- Director for Lead-Based Paint Abatement and Poisoning Prevention
- Director for Departmental Equal Employment Opportunity
- President, Government National Mortgage Association
- Chief Financial Officer
- Chief of Staff
- General Counsel
- Inspector General

Staff Offices:

- Board of Contract Appeals
- Administrative Law Judges
- Small and Disadvantaged Business Utilization

External Organization:

- Federal Housing Finance Board

Source: U.S. Government Manual 1996/1997

capacity to govern and provide shelter and services for homeless people. The office is responsible for implementing several block grant programs, homelessness assistance efforts and cooperative initiatives with other departments and agencies, public and private organizations and private industry.

c. Policy Development and Research
The Office of the Assistant Secretary for Policy Development and Research supervises the department's research activities and the development of its policies. The office is also responsible for experimental housing and technical studies, and it provides technical and analytical assistance to other departmental program Assistant Secretaries. Furthermore, this function is responsible for evaluating all existing and proposed HUD programs, as well as the adequacy of existing and proposed information systems. The Office of Policy Development and Research also manages research contracts, cooperative agreements and grants for the entire department.

d. Lead-Based Paint Abatement and Poisoning Prevention
This office is responsible for all lead-based paint abatement and poisoning prevention activities in the department, including, but not limited to policy development, abatement, training, regulations, research and policies applicable to other HUD programs. Through this office, the department attempts to increase public and industry awareness of the dangers of lead-based paint poisoning and the options for detection and risk reduction. HUD also encourages state and local governments to develop lead-based paint programs covering primary prevention, including public education, contractor certification, hazard reduction, financing and enforcement.

e. Fair Housing and Equal Opportunity
The Office of the Assistant Secretary for Fair Housing and Equal Opportunity administers those laws and regulations that prohibit discrimination in public and private housing. It also oversees the Fair Housing Assistance program, which provides financial and technical assistance to state and local government agencies to implement local fair housing laws and ordinances. Finally, the office implements the Community Housing Resources Boards (CHRBs) program to provide grants for fair housing activities such as public outreach and education.

f. Public and Indian Housing
This office administers public and Indian housing programs, including rental and home ownership programs, and it provides technical and financial assistance in planning, developing and managing low-income projects. The office also provides operating subsidies for public housing agencies (PHAs) and Indian housing authorities (IHAs), including procedures for reviewing the management of public housing agencies.

g. Government National Mortgage Association
The Government National Mortgage Association (GNMA), also known as Ginnie Mae, is a government corporation whose purpose is to support federal housing objectives through mortgage programs. GNMA establishes secondary market facilities for residential mortgages, guarantees mortgage-backed securities composed of FHA-insured or VA-guaranteed mortgage loans that are issued by private lenders, and it increases the overall supply of available credit for housing by providing a vehicle for channeling funds from the securities market into the mortgage market.

Program Budget

Total federal funding for the Department of Housing and Urban Development is projected to sustain a high compound annual growth rate (CAGR) of 10% from FY 1997 to FY 2002, with net growth of more than 50%. This increase in funds is primarily attributable to the anticipated growth in public and Indian housing activities and overall housing programs. Gains in budget authority are not evenly distributed throughout the department, with policy development and research, as well as management and administration activities, expected to lose funding over the next five years.

The program budget for the Department of Housing and Urban Development is presented in Exhibit 2. These figures represent gross funds and do not account for offsetting collections or changes in orders on hand from the public or federal sources, unless otherwise indicated.

Exhibit 2

Program Budget of the Department of Housing and Urban Development

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Public and Indian Housing Programs	$13,412	$11,038	$16,573	$20,436	$23,061	$24,465	$25,716
Community Planning and Development	6,906	7,052	7,111	6,915	6,264	6,264	6,239
Housing Programs	1,607	1,739	1,610	3,511	3,501	2,804	2,411
Government National Mortgage Assoc.	9	9	9	9	9	9	9
Policy Development and Research	34	34	39	32	32	32	32
Fair Housing and Equal Opportunity	30	30	39	35	29	29	29
Management and Administration	471	473	504	440	405	405	405
Total Departmental Funding (net)	**21,093**	**19,386**	**23,003**	**28,714**	**30,562**	**31,148**	**31,771**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The compound annual growth rate for HUD's total information technology (IT) spending over the period shown is 9%, rising from $181 million in FY 1996 to $280 million in FY 2001. Notable growth is anticipated in the purchase and leasing of software and in commercial support services. The latter will be the driving force for total IT expenditures at the department — comprising 54% of the total budget in FY 1996 and growing at a CAGR of 14%. Such services are expected to account for 68% of the total IT budget in FY 2001. With in-house personnel expenditures decreasing, HUD's contracted IT spending addressable to the vendor community will grow steadily from $159 million (88% of total IT) in FY 1996 to $262 million (94% of total IT) in FY 2001.

The information technology budget of the Department of Housing and Urban Development is provided in Exhibit 3. Figures are rounded and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Department of Housing and Urban Development

Category	Spending in Obligations by FY in $ Millions						CAGR 1996-2001
	1996	1997	1998	1999	2000	2001	
Equipment:							
Capital Purchases	$3.0	$1.0	$3.1	$3.3	$3.5	$3.7	4%
Other Purchases and Leases	5.0	7.0	5.2	5.5	5.8	6.2	4%
Total Equipment	**8.0**	**8.0**	**8.3**	**8.7**	**9.3**	**9.9**	**4%**
Software:							
Capital Purchases	2.0	1.0	1.1	1.1	1.2	1.3	-8%
Other Purchases and Leases	2.0	3.0	3.2	3.4	3.7	4.0	15%
Total Software	**4.0**	**4.0**	**4.2**	**4.5**	**4.9**	**5.3**	**6%**
Services (Processing and Telecom.)	**50.0**	**45.0**	**46.8**	**49.1**	**52.1**	**55.7**	**2%**
Support Services	**97.2**	**132.9**	**143.5**	**156.4**	**172.0**	**191.0**	**14%**
Contracted Out Portion of IT Budget	**159.2**	**189.9**	**202.9**	**218.8**	**238.3**	**262.0**	**10%**
Supplies	**1.0**	**1.0**	**1.0**	**1.1**	**1.2**	**1.2**	**4%**
Personnel	**21.0**	**22.0**	**21.1**	**19.9**	**18.3**	**16.4**	**-5%**
Total IT Budget	**181.2**	**212.9**	**225.0**	**239.8**	**257.7**	**279.6**	**9%**

Source: Department of Housing and Urban Development and INPUT

IT Contract Opportunities

The Department of Housing and Urban Development is currently pursuing only one major IT acquisition, as described briefly below:

Multifamily Accounting and Reporting System (MARS)
Type: Cost Reimbursement
HUD requires software design and development and existing systems modification services to automate financial management and financial services for HUD's multifamily mortgage notes portfolio.

The current portfolio of assigned and purchase money mortgages is approximately 2,400 nationwide, which may increase by about 100 mortgages per year under current economic conditions. Required services include data entry and retrieval. MARS will operate on HUD's Data Center located in Washington, DC and will be serviced by at least 55 field offices. An RFP for this opportunity is expected in July 1997.

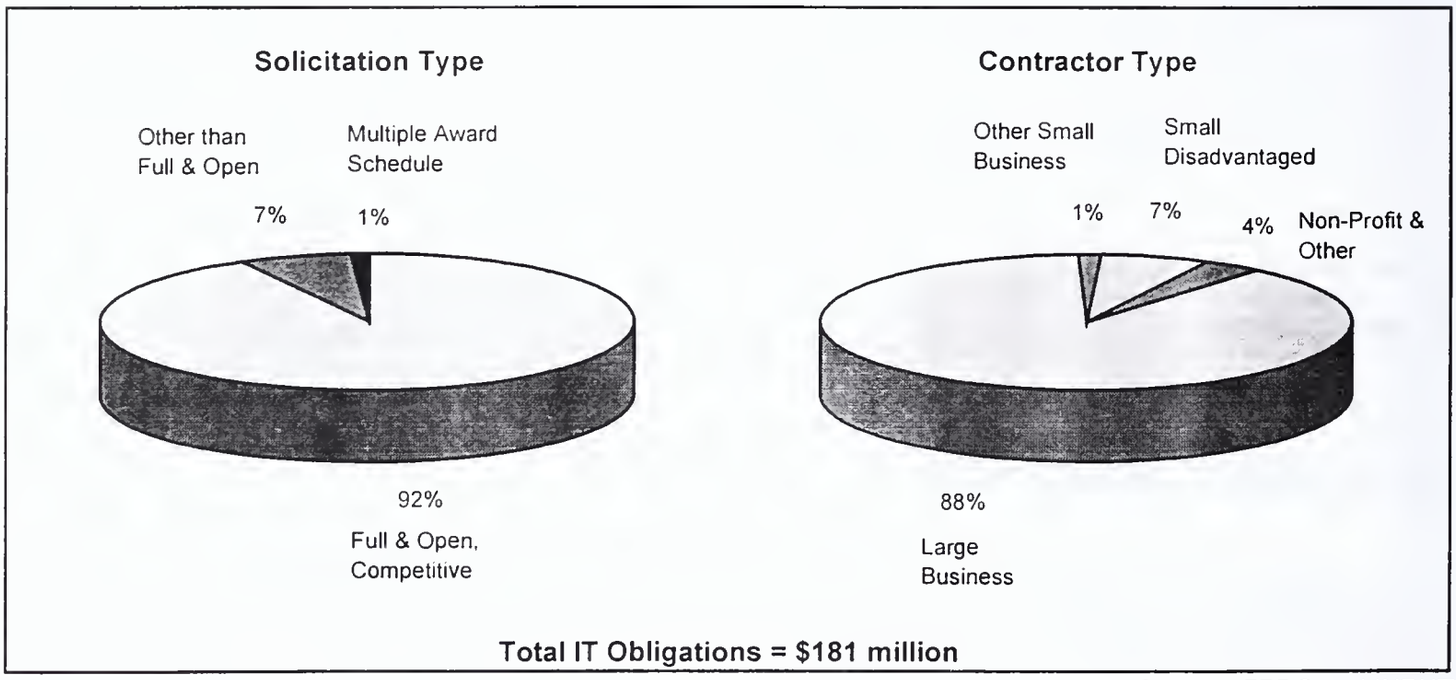
HUD Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by HUD to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency from 4QFY 1995 to 3QFY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational, sheltered workshop and foreign organizations, as well as state and local governments comprise the "non-profit and other" contractor component.

Exhibit 4

Acquisition Profile for the Department of Housing and Urban Development
4QFY 1995 - 3QFY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of Housing and Urban Development is provided in Exhibit 5. Exhibit 6 lists the top 10 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 94% of HUD's total IT obligations from 4QFY 1995 to 3QFY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between July 1, 1995 and June 30, 1996.

Exhibit 5

Top Contractors at HUD
4QFY 1995 - 3QFY 1996

1. Lockheed Martin Corporation
2. Computer Data Systems, Inc.
3. Advanced Technology Systems
4. Price Waterhouse LLP
5. Aspen Systems Corporation
6. American Management Systems
7. ICF Corporation
8. Computer Sciences Corporation
9. ABT Associates, Inc.
10. National Computer Systems

Source: FPDC

Exhibit 6

Top Department of Housing and Urban Development Obligations by State
4QFY 1995 - 3QFY 1996

State	IT Obligations ($ Thousands)
1. Maryland	$126,205
2. Virginia	34,515
3. Washington, DC	9,268
4. Massachusetts	3,778
5. Iowa	2,461
6. New Jersey	1,288
7. Illinois	1,052
8. Georgia	605
9. North Carolina	575
10. California	498

Source: FPDC and INPUT

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Department of Housing and Urban Development. Currently, HUD does not have a major indefinite delivery, indefinite quantity (IDIQ) contract vehicle in place. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Department of Housing and Urban Development

Program	Type	Size	Description
1. HUD Integrated Information Processing Services (HIIPS)	Professional Services — Cost Plus Award Fee	$530M 10 yrs.	Lockheed Martin installs and operates HUD's ADP equipment and provides maintenance and development services. Lockheed also provides all ADP-related hardware and network services for the agency's Washington, DC headquarters, and it operates a network control center for four regional processing centers. With the exception of application software development, this contract consolidates and replaces three prior contracts for such services. Awarded in November 1990.
2. ADP Development and Maintenance Services/ Integrated Disbursement and Information System (IDIS)	Professional Services — Cost Reimbursmt.	$40M 4 yrs.	Advanced Technology Solutions, Orkand and CSC provide HUD with development and maintenance of its automated systems software. The objective of these contracts is to provide a full range of system engineering services, including information strategic planning, systems analysis and design and development of cost benefit analyses, among others. Awarded from March to May 1996.

Source: INPUT

Issues at HUD

1. Information technology priorities and challenges at the Department of Housing and Urban Development were highlighted in a recent *Government Executive* IRM Roundtable discussion with federal CIOs. HUD's CIO Steven M. Yohai noted the following priority projects for the department:

- Model Office — using data warehouses, imaging technology and Internet capabilities to help integrate HUD programs
- Integrated Disbursement and Information System — using project mapping and special databases to streamline and enhance grant processes
- HUDware IT — implementing a standard user interface

Yohai indicated that the main challenge faced by the agency is facilitating an enterprise-wide vision of IT on the part of senior management. This is further complicated by the need to establish CIO credibility and authority within the department. When asked to identify the hottest technologies at HUD, Yohai noted the following:

- Internet and EDI to streamline core business functions
- Groupware, imaging and intranet technology to facilitate internal communications
- Client-server technology to build data warehouses, mapping tools and low-cost central processing systems

2. Several Republicans in Congress are continuing their efforts to dismantle the Department of Housing and Urban Development, numerous proposals for which have been introduced over the last two years. The Housing Opportunities and Empowerment Act (S. 1145) and an identical bill, H.R. 2198 were introduced by the 104th Congress to transfer specified HUD functions to other agencies, the states or the private sector and to eliminate other functions completely. To manage the transition, the bills propose to redesignate HUD as the Housing and Urban Development Programs Resolution Agency and make this temporary agency responsible for administering and concluding HUD's affairs within five years.

While not likely to override threatened vetoes of the bills, the debate over the department's future continues. To assist Congress in its evaluation of HUD's existence, GAO released a report (RCED-97-36) in February investigating the potential implications of dismantling the agency. While significant costs and financial risks could be abated, the report asserts several potentially adverse effects to a large number of renters, communities and potential home buyers. Republicans have countered by noting that OMB deemed 99% of HUD's personnel "non-essential" during the government shut-downs of early FY 1996.

3. The Department of Housing and Urban Development plans to move forth with its $8 million Multifamily Accounting and Reporting System (MARS) procurement. The original RFP for the follow-on program was released on March 19, 1996 but was canceled later that year due to shrinking budgets and the need to outsource more tasks under MARS. Currently being performed by Data Prompt, Inc., required tasks include the design and development of software and system modifications to automate the financial management and financial services of HUD's multifamily mortgage notes portfolio. The contracting office now anticipates issuing a revised RFP for the planned two-year cost-reimbursement program in July of this year. The current contract with DPI, awarded in January 1985, has been extended until the recompetition is awarded.

4. In a report (HR-97-12) submitted to Congress in February 1997, GAO reviewed the corrective actions HUD has taken or initiated since GAO's 1995 High-Risk Report. While the agency has formulated approaches and initiated actions to address key management and information system deficiencies identified in the 1995 report, the study concludes that HUD still has much to improve. HUD continues to correct financial and information management systems, but it currently has 93 systems that do not comply with the Federal Managers' Financial Integrity Act and therefore cannot be relied on to provide timely and accurate information and reports to management. The department's efforts, according to GAO, have consistently been hampered by systems development problems, funding constraints and data conversion problems.

HUD represents the only Cabinet-level department wholly designated as high-risk by the General Accounting Office.

5. The Federal Housing Administration (FHA) is attempting to make full use of electronic commerce to streamline its activities. The agency recently began an on-line bidding pilot in Fort Worth, Texas requiring all real estate brokers to submit their offers on foreclosed HUD properties via the Internet or telephone. The pilot is

expected to save FHA time and money in the review and administration of bids, as well as on advertising costs — also to be conducted electronically. While the on-line system will likely be expanded, HUD is not decided on how many of its 81 offices handling FHA mortgage operations will adopt the system. The site can be accessed at http://www.hud.org/fwhud/index.htm.

HUD has implemented several information technology initiatives to streamline its activities and to rectify on-going management and administrative shortcomings. Campus of Learners facilities have been set up in 25 public housing developments offering residents on-line computer and telecommunications training. HUD's Model Office plan for integrated and interoperable information systems allows agency employees to access data from all HUD components and databases, improving customer service by avoiding the need to transfer people from office to office.

On-Line Information Resources

The Department of Housing and Urban Development maintains a World Wide Web home page accessible at http://www.hud.gov. This site is primarily a public service repository of information and guidelines. However, the available search engine and site maps do offer current affairs and technical information about the department and its various activities. HUD also posts much of its contracting activity on the Internet, directly accessible at http://www.hud.gov/cts/ctshome.html. Resources available include a list of current contracting opportunities, a fiscal year 1997 forecast of contracting activity, small business assistance guidelines and information on contracting organization and procurement personnel functions. These resources cover all procurement activity, not necessarily for information technology.

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This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

INPUT®

Agency Profile

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Department of Veterans Affairs

Purpose

The Department of Veterans Affairs (VA) operates programs to benefit veterans and members of their families. Benefits include compensation payments for disabilities or death related to military service, pensions, education and rehabilitation, home loan guaranty, burial and a medical care program incorporating nursing homes, clinics and medical centers.

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Organization

The Department of Veterans Affairs was established as an executive department by the Department of Veterans Affairs Act (38 U.S.C. 201 note). The department's predecessor, the Veterans Administration, had been established as an independent agency under the President by Executive Order #5398 of July 21, 1930, in accordance with the Act of July 3, 1930 (46 Stat. 1016). This Act authorized the President to consolidate and coordinate the U.S. Veterans Bureau, the Bureau of Pensions and the National Home for Volunteer Soldiers.

The Department of Veterans Affairs comprises three organizations that administer all veterans programs: the Veterans Health Administration, the Veterans Benefits Administration and the National Cemetery System. Each organization has field facilities and a Central Office component.

The Central Office includes separate offices that provide support to the organizations' operations, as well as to VA executives. Top Central Office managers, including the Inspector General and General Counsel, report to the highest level of department management, which consists of the Secretary of Veterans Affairs, the Deputy Secretary and two Under Secretaries. Five Assistant

Secretaries provide policy guidance, operational support and managerial oversight to the Secretary and Deputy Secretary, the administrations and other VA offices. They include the Assistant Secretaries for Management, Policy and Planning, Human Resources and Administration, Congressional Affairs and Public and Intergovernmental Affairs.

The Department of Veterans Affairs is headquartered in Washington, DC and conducts its daily activities through a highly decentralized network of national field facilities. National facilities are comprised of:

- Insurance Centers
- Regional Offices
- Regional Office, District of Columbia
- VA Offices
- Medical Centers
- VA Regional Office and Insurance Centers
- VA Medical and Regional Office Centers
- Domiciliaries
- Outpatient Clinics
- VA National Cemeteries

The VA is currently directed by Secretary Jesse Brown and employs approximately 250,000 people nationwide, making it the largest executive civilian department. However, due to federal downsizing, the VA is expected to cut 10,000 jobs from its payroll during fiscal year 1997. Current employment already represents a 4% reduction from approximately 260,400 employees at this time last year. Reflective of its highly decentralized mission, only 3% of VA's personnel are located in the Washington, DC area.

The organizational structure of the Department of Veterans Affairs is presented in Exhibit 1.

Exhibit 1

Veterans Affairs Organization

Secretary of Veterans Affairs

Deputy Secretary

Secretariat and Offices:

- Under Secretary for Health
- Under Secretary for Benefits
- Assistant Secretary for Management and Chief Financial Officer
- Assistant Secretary for Policy and Planning
- Assistant Secretary for Human Resources and Administration
- Assistant Secretary for Congressional Affairs
- Assistant Secretary for Public and Intergovernmental Affairs
- Director, National Cemetery System
- Director, Office of Small and Disadvantaged Business Utilization
- Chairman, Board of Contract Appeals
- Chairman, Board of Veterans' Appeals
- Inspector General
- General Counsel
- Special Assistant to the Secretary for Veterans Service Organizations Liaison
- Center for Women Veterans
- Center for Minority Veterans

Major Organizations:

- Veterans Health Administration
- Veterans Benefits Administration
- National Cemetery System

Source: U.S. Government Manual 1996/1997

Program Activities

Below are the primary organizations within the Department of Veterans Affairs, which offer insight to its major program activities:

a. Veterans Health Administration
The Veterans Health Administration (VHA), formerly the Veterans Health Services and Research Administration, provides hospital, nursing home and domiciliary care, as well as outpatient medical and dental care to eligible veterans of military service in the Armed Forces.

The VHA operates 173 medical centers, 39 domiciliaries, 376 outpatient clinics, 131 nursing home care units and 205 Vietnam Veteran Outreach Centers in the United States, the Commonwealth of Puerto Rico and the Republic of the Philippines. It provides for similar care under VA auspices in non-VA hospitals and community nursing homes, in addition to visits by veterans to non-VA physicians and dentists for outpatient treatment. VHA also supports veterans under care in hospitals, nursing homes and domiciliaries operated by 35 states. Under the Civilian Health and Medical Program, dependents of certain veterans are also provided with medical care supplied by non-VA institutions and physicians.

The administration conducts both individual medical and health-care delivery research projects and multi-hospital research programs. The VHA assists in the education of physicians and dentists, and with the training of many other health care professionals through affiliations with educational institutions and organizations.

b. Veterans Benefits Administration
The Veterans Benefits Administration (VBA), formerly the Department of Veterans Benefits, provides information, advice and assistance to veterans and members of their families applying for VA benefits. It also cooperates with the Department of Labor and other federal, state and local agencies in developing employment opportunities for veterans and referral for assistance in resolving socioeconomic, housing and other related problems. In addition, VBA provides information regarding veterans benefits to various branches of the Armed Forces.

Programs are provided through 58 regional VA offices and medical centers, divided among the following divisions within the administration:

- Compensation and Pension Service
- Education Service
- Vocational Rehabilitation Service
- Loan Guaranty
- Insurance
- Veterans Assistance Service

c. National Cemetery System
The National Cemetery System (NCS) provides financial and logistical burial services to veterans, reservists and National Guard members with 20 years of qualifying service and their families by operating national cemeteries. NCS also awards grants to aid states in developing, improving and expanding veterans cemeteries, and it serves as the operations element for the Presidential Memorial Certificate Program. The National Cemetery area offices — located in Atlanta, Georgia, Philadelphia, Pennsylvania and Denver, Colorado — provide direct support to the 114 national cemeteries located throughout the United States and Puerto Rico.

Program Budget

Total federal funding for the VA is expected to sustain a minimal 2% compound annual growth rate (CAGR) from FY 1996 to FY 2002, growing from $38.3 billion to $43.5 billion, respectively. Funding for the VBA, which historically comprises the largest component of total funds at over 50%, is expected to grow an average of 3% annually over the period shown. VHA funds, the second largest component, will only grow slightly from $17 billion in FY 1996 to $18.2 billion in FY 2002 at a 1% CAGR. The strongest relative increase in budget authority will be for the National Cemetery System at a moderate CAGR of 4%. Total departmental administration will receive no significant increase in funding, while construction activities will likely decline 4% per annum.

The program budget for the Department of Veterans Affairs is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Department of Veterans Affairs

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Veterans Health Administration	**$16,997**	**$17,455**	**$17,844**	**$17,924**	**$18,003**	**$18,078**	**$18,156**
Veterans Benefits Administration	**20,014**	**21,345**	**21,790**	**22,432**	**22,942**	**23,512**	**24,073**
Construction	**374**	**454**	**329**	**297**	**298**	**298**	**298**
Departmental Administration:							
National Cemetery System	73	77	84	84	85	88	91
General Operating Expenses	847	828	847	853	853	838	836
Office of Inspector General	31	31	31	32	32	32	32
Total Departmental Administration	**951**	**936**	**962**	**969**	**970**	**958**	**959**
Total Federal Funds	**38,336**	**40,190**	**40,925**	**41,622**	**42,213**	**42,846**	**43,486**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The information technology (IT) budget of the Department of Veterans Affairs is forecasted to remain relatively stagnant over the next five years. However, the flat CAGR shown below is primarily attributable to the low FY 1997 spending estimate provided to OMB by the department, which represents a 6% decline from reported FY 1996 spending in obligations. Historically, many federal agencies report low anticipated IT budgets for the outyears, even when spending is actually on the rise. Accounting for this likely underestimate, the IT budget of the VA is anticipated to sustain a 2% CAGR over the period shown — still minimal, but upward.

Strongest growth is expected in the areas of processing and telecommunications services and the purchase and lease of software, both at a 7% CAGR from FY 1996 to FY 2001. Capital purchases of software and spending on personnel will actually decline over the period shown, the latter at a high 7% annually. Also of note is the contracted out portion of the total IT budget. Vendors had access to a relatively low 60% of VA's IT budget in FY 1996, but this figure is expected to climb to 71% in FY 2001 — from $458 million to $545 million, respectively.

The information technology budget of the Department of Veterans Affairs is provided in Exhibit 3. Exhibit 4 highlights the distribution of VA's IT budget among its major agency components. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

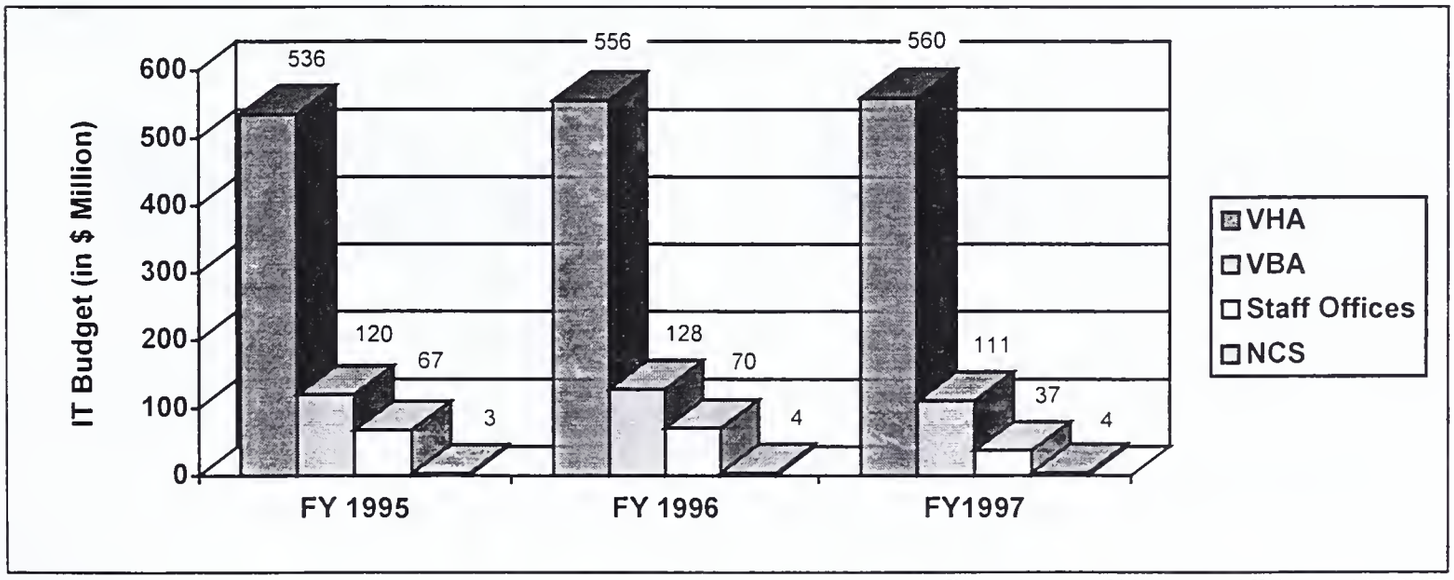
Information Technology Budget of the Department of Veterans Affairs

Category	Spending in Obligations by FY in $ Millions						CAGR 1996-2001
	1996	1997	1998	1999	2000	2001	
Equipment:							
Capital Purchases	$246	$219	$228	$239	$253	$271	2%
Other Purchases and Leases	1	1	1	1	1	1	4%
Total Equipment	**247**	**220**	**229**	**240**	**255**	**272**	**2%**
Software:							
Capital Purchases	13	9	10	10	11	12	-2%
Other Purchases and Leases	18	19	20	22	23	25	7%
Total Software	**31**	**28**	**30**	**32**	**34**	**37**	**4%**
Services (Processing and Telecom.)	**90**	**102**	**106**	**111**	**118**	**126**	**7%**
Support Services	**90**	**76**	**82**	**89**	**98**	**109**	**4%**
Contracted Out Portion of IT Budget	**458**	**426**	**447**	**473**	**505**	**545**	**4%**
Supplies	**25**	**25**	**26**	**27**	**29**	**31**	**4%**
Personnel	**276**	**261**	**251**	**236**	**217**	**195**	**-7%**
Total IT Budget	**759**	**712**	**723**	**736**	**751**	**771**	**-%**

Source: Department of Veterans Affairs and INPUT

Exhibit 4

Department of Veterans Affairs IT Budget Distribution



Source: Department of Veterans Affairs and INPUT

IT Contract Opportunities

The major Department of Veterans Affairs acquisitions summarized below are currently active:

a. Commercial Computer Services
Type: TBD
The VA is seeking sources to provide national electronic data interchange (EDI) support services. The EDI support services consist of mail store, forward services and value added services, such as translation of proprietary carrier formats. VA data will consist of health care claims information and will originate as formatted electronic transactions from the VA's Austin, Texas Automation Center.

b. Hybrid Open System Technology (HOST)
Type: Various
Though significant changes are currently being made to previous requirements under HOST, this program will allow VA medical centers to plug new modules into the Decentralized Hospital Computer Program (DHCP) without the need for customization and interfacing, in effect creating a "plug-and-play" environment.

c. Medical Center Telephone System Replacements
Type: Various
The VA has a requirement to gradually replace all telephone systems at medical centers nationwide, including phone sets, cabling, switching equipment, installation and maintenance. Approximately 125 to 150 VA hospitals already have VA-owned systems in place or are in some phase of contract or installation.

d. Procurement of Automated Information Resources Solutions (PAIRS)
Type: Firm Fixed Price, IDIQ
The department has a requirement for technology integration, interoperability, infrastructure solutions and maintenance to replace those services currently being provided by Lockheed Martin under the Nationwide Office Automation for the VA (NOAVA) contract.

e. Telecommunications Services (TeleChoice)
Type: Firm Fixed Price, IDIQ
While currently on hold, the VA will likely solicit vendors to provide supplies and services in support of department-wide telecommunications, to include complete electronic automatic PBX systems, complete public address (PA) systems, cabling for PBX and PA systems, as well as installation, maintenance and integration services.

f. Veterans Affairs Telecommunications Infrastructure Project
Type: Task Order
The Department of the Interior's Minerals Management Service (MMS), in conjunction with GSA's Federal Systems Integration Management Center (FEDSIM), will procure an upgraded telecommunications infrastructure for the VA. VHA hospitals in five metropolitan areas will be serviced.

g. Veterans Benefits Administration Modernization Plan (VBA Modernization)
Type: Various
Though no action is planned until October 1997, the VBA may continue its effort already performed in part by Federal Data Corporation and Oracle to modernize its ADP and telecommunications equipment.

The modernization program has six major technical objectives — software, hardware, telecommunications, security, data administration to support systems integration, as well as ongoing support to maintain existing system performance.

h. Integrated Data Communications Utility Follow-On (IDCU)
Type: TBD
The VA intends to recompete its contract with SAIC to provide a replacement network delivery vehicle. IDCU has been VA's primary source of wide-area network data communications services since 1989. To ensure continued service and expanded capacity, the follow-on is anticipated by fiscal year 1999.

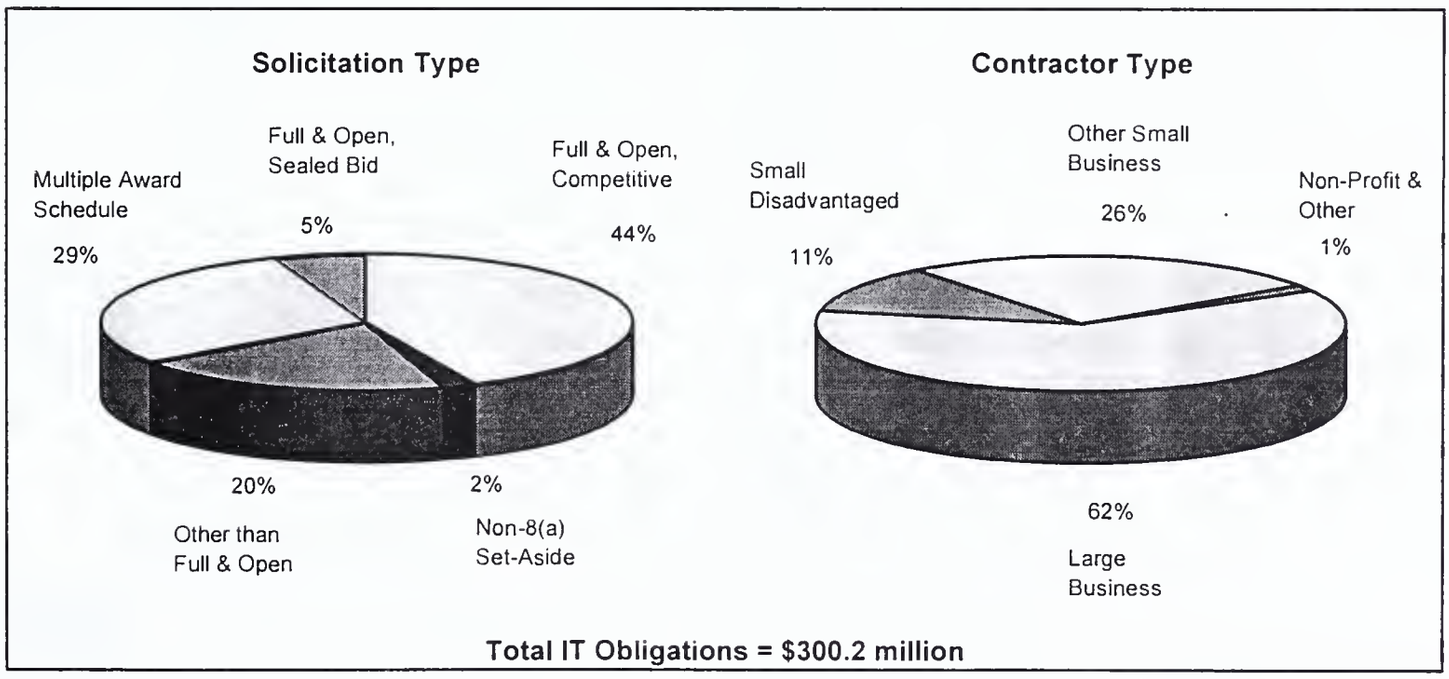
Veterans Affairs Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the Department of Veterans Affairs to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit organizations, hospitals and state and local governments comprise the "non-profit and other" contractor component.

Exhibit 5

Acquisition Profile for the Department of Veterans Affairs
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of Veterans Affairs is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 49% of the VA's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 6

Top Contractors at Veterans Affairs

FY 1996

1. Digital Equipment Corporation
2. Federal Data Corporation
3. Lockheed Martin Corporation
4. Gateway 2000
5. Dell Computer Corporation
6. Oracle Corporation
7. DataCard Corporation
8. Wang Federal, Inc.
9. ITS Corporation
10. GTSI

Source: FPDC

Exhibit 7

Top Department of Veterans Affairs Obligations by State

FY 1996

State	IT Obligations	State	IT Obligations
1. Washington, DC	$80,096	11. Pennsylvania	$4,732
2. Maryland	35,707	12. Massachusetts	3,225
3. Virginia	31,974	13. Connecticut	3,132
4. Texas	25,755	14. Washington	3,023
5. California	24,847	15. New Hampshire	2,985
6. Illinois	16,987	16. Georgia	2,338
7. South Dakota	11,597	17. Missouri	2,093
8. New Jersey	9,782	18. Nevada	2,090
9. Florida	6,947	19. Ohio	2,077
10. New York	5,904	20. West Virginia	2,011

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 8 provides a brief overview of the major active IT contracts at the Department of Veterans Affairs. Currently, the agency has nine major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $2.1 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the Department of Veterans Affairs

Program	Type	Size	Description
1. Integrated Data Communications Utility (IDCU)	Network Services — IDIQ	$84M 10 yrs.	SAIC provides a packet network with a limited point-to-point dedicated data communications capacity to serve the principal data communications needs of the Department of Veterans Affairs. Awarded in June 1989.
2. Nationwide Office Automation for the VA (NOAVA)	Professional Services — IDIQ	$153M 10 yrs.	Lockheed Martin provides hardware, software and services for the integration of existing systems at more than 600 Veterans Affairs locations nationwide. The commodities portion of NOAVA has been replaced by VA's PCHS contract (below), and the services portion is to be replaced by the anticipated PAIRS contract (see IT Contract Opportunities section). Awarded in January 1991.
3. Mainframe Systems Replacement Project	Hardware/ Software — Firm Fixed Price	$43M 10 yrs.	Federal Data Systems Corporation provides hardware and software for the upgrade and replacement of the Veterans Affairs Data Processing Center located in Austin, Texas. The previous Amdahl hardware configuration included one 5890-300E and one 5860, replaced by a 5890-180E, large DASD drives, tape drives and impact and non-impact printers. Awarded in October 1991.
4. Veterans Benefits Administration Modernization Plan (VBA Modernization)	Professional Services — IDIQ	$250M 8 yrs.	Federal Data Corporation and Oracle provide professional services under stages I and II of this effort to modernize VBA's ADP and telecommunications equipment. The modernization program has six major technical objectives — software, hardware, telecommunications, security, data administration to support system integration, as well as ongoing support to maintain existing system performance. Awarded in December 1992 and July 1995.
5. Document Management System (DMS)	Hardware/ Software — Firm Fixed Price	$4M 5 yrs.	Doxsys, Inc. provides hardware and software for a document management system designed to capture, control, correlate, display, manipulate, queue, produce, retrieve, route and store information primarily in the form of documented pages. Awarded in August 1993.

Major Contracts at the Department of Veterans Affairs (cont.)

Program	Type	Size	Description
6. Decision Support System (DSS)	Hardware/ Software — Unk.	$132M 5 yrs.	Transition Systems, Inc. provides commercial off-the-shelf (COTS) software for a decision support system which combines clinical and financial data to help VA hospitals assess the cost-effectiveness of health care delivery services. Awarded in September 1993.
7. Management Studies and Analyses	Professional Services — IDIQ	$53M 5 yrs.	Booz-Allen & Hamilton, Price Waterhouse, SRA, Klemm Analysis Group, SAIC, Abt Associates, Birch and Davis Associates and Systems Flow provide management studies and analyses to support the Department of Veterans Affairs' business process reengineering (BPR) efforts. Awarded in July 1995.
8. Payroll/Human Resource System (PAY VA)	Hardware/ Software — Basic Ordering Agreement	$6M 3 yrs.	High Technology Solutions provides commercial off-the-shelf software operating on existing VA hardware to manage all payroll and human resources records generated through the course of typical human resource functions. Awarded in September 1995.
9. Veterans Technical and Programming Support (VTAPS)	Professional Services — Various	$20M 5 yrs.	IMC and KPMG provide the VBA with technical support services to improve the delivery of benefits and services to veterans through the application of information technology. This contract is a component of the larger VBA Modernization program. Awarded in June 1996.
10. Multiple Award Requirements Contract for Information Technology Services (MARCITS)	Professional Services — IDIQ	$50M 5 yrs.	23 vendors provide the Austin Automation Center (AAC) with information technology services to meet its customer requirements. Functional areas of service include application, design and maintenance, independent verification and validation (IV&V) and support for systems/facilities management and maintenance. Awarded in December 1996.
11. Procurement of Computer Hardware and Software (PCHS)	Hardware/ Software — IDIQ	$1.5B 5 yrs.	Digital Equipment Corporation and Sysorex provide hardware and software options to all VA installations, primarily VA medical centers. The commodities are intended to continue the NOAVA effort, which supports emerging standards for the POSIX portable application interface and the Government Open System Interconnection Profile (GOSIP). Awarded in January 1997.
12. Multimedia ID Card System	Hardware/ Software — Firm Fixed Price	$15M 5 yrs.	DataCard Corporation provides a turnkey card production and reader system for VA's 173 medical centers nationwide. The cards will provide patient history and identification information and are intended to reduce fraud in the disbursement of VA benefits. Awarded in March 1997.

Source: INPUT

Issues at Veterans Affairs

1. Under the direction of the Office of Management and Budget (OMB), the Department of Veterans Affairs is developing the VA Information Technology (IT) Strategic Plan. The purpose of the Strategic Plan is to set a corporate direction for IT and provide a framework for decision-making and support of IT activities at VA. With private sector support, the VA CIO Council and the IT Strategic Planning Work Group are developing a process for establishing and updating an IT plan, creating the actual IT plan and developing an investment portfolio.

Of particular note in VA's Strategic Plan will be the emphasis placed on IT as a business decision based on capital planning, budgeting and economic analysis. VA's stagnant IT budget, combined with the increasing importance of IT to mission success, has already led to the establishment of performance goals and progress measurements to maintain accountability for sound investments at the agency. Post-implementation reviews are now being conducted on systems that have been in operation for at least one year at Veterans Affairs.

Conducted by the IRM Policy and Standards Service (IRMPSS) in mid 1996, the VA studied the Automated Medical Information Exchange (AMIE) system as the first post-implementation review performed at the agency. Reviews of the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) and the Burial Operations Support System (BOSS) are slated for completion this year. Results of the reviews are published in the form of "lessons learned for success" documents.

OMB has mandated the VA IT Strategic Plan, developed in conjunction with the VA Strategic Plan and the VA Capital Planning Process Plan, be entirely in place for the fiscal year 1999 budget cycle.

2. In a report released March 18 (T-HEHS-97-97), the General Accounting Office (GAO) reviewed the major programmatic and management challenges facing the Department of Veterans Affairs. According to GAO, the department has improved many long-standing problems with its health care system through the new Veterans Integrated Service Network (VISN) management structure, which emphasizes efficiency and customer service, and with the assistance of legislation making it easier for VA to contract for and sell services to the private sector.

However, GAO contends, Congressional and internal VA mandates to implement VISN have given rise to several new challenges, in addition to existing problems that persist. Significant near-term tasks for the department include:

- Developing an enrollment process consistent with the priorities established under recent eligibility reform legislation
- Determining when to contract support services from the private sector rather than provide them in VA facilities
- Updating the VBA disability rating schedule — not done for over 45 years
- Resolving the year 2000 problem in time to avoid the prospect of late or inaccurate compensation and pension payments to veterans
- Hastening the compensation and pension claim appeals process, which currently averages two years to complete
- Avoiding millions of dollars in benefit overpayments presently made by strengthening the ability to prevent such payments

3. The VA is moving forth with its plans to create an agency-wide networked environment by continuing the endeavors of the Nationwide Office Automation for the VA (NOAVA) contract awarded to Lockheed Martin in January 1991. The $153 million IDIQ NOAVA contract has provided hardware, software and services to integrate existing systems and networks for more than 600 VA locations across the U.S., most notably the 173 VA medical centers. To take advantage of new technologies and procurement regulations, the department is recompeting its networking requirement through two separate acquisitions — Procurement of Computer Hardware and Software (PCHS) to replace the commodities portion of NOAVA, and Procurement of Automated Information Resources Solutions (PAIRS) to replace the services/solutions component of NOAVA.

PCHS — a five-year, firm-fixed price IDIQ contract — was awarded to Digital Equipment and Sysorex Information Systems on January 14, 1997 for a maximum value of $1.5 billion. Withstanding a protest by Telestar to the Sysorex award, the PCHS acquisition proceeded relatively unabated for the VA. Conversely, even before the release of a draft RFP, the PAIRS acquisition is already the center of much debate. PAIRS was announced as a full and open competition, but was changed to a 100% small-business set-aside late last year after influence from the Small Business Administration (SBA) and the VA's own small-business office. In March of this year, the VA reversed its decision and reopened PAIRS to all vendors. The department has offered no explanation for the move, prompting an appeal by the SBA to offer at least some of the multiple awards to small-business concerns. No ruling has been issued to date.

Potential bidders for the $100 million PAIRS opportunity include GTSI, Zenith, EDS, Lockheed Martin, BTG, PRC and Soza International. A draft Statement of Work was released on January 24, 1997 with comments due February 7. A draft RFP is anticipated in May.

4. The Department of Veterans Affairs recently released its *1997-2001 VA Information Resources Management Program*, a document summarizing the department's accomplishments, challenges and plans in using IT for its various missions. Seven functional areas are covered in the program — health care systems, benefits systems, memorial systems, financial systems, "other" systems, telecommunications and security. Also provided is information on major IT acquisitions currently being conducted by the VA, such as the Integrated Data Communications Utility (IDCU) contract recompete. The IRM plan is posted on the Internet at http://www.va.gov/oirm/program/index.htm.

5. The Department of Veterans Affairs continues to offer government-wide ADP services as one of six agencies involved in the Franchise Fund pilot established under the Government Management Reform Act of 1994. Six entities within VA are part of the Fund — Austin Automation Center (AAC), Neosho Records Repository, Security and Investigations, VA Law Enforcement Training Center, Austin Finance Center and Automated Data Processing, as well as Adaptive Training and Payroll. The VA is actively expanding internal and external Franchise Fund activity as part of its larger effort to place IT services in a private sector, businesslike framework.

For example, the Multiple Award Requirements Contract for Information Technology Services (MARCITS) program was recently awarded to 23 vendors as a vehicle to improve systems support at the AAC, but it is also intended to satisfy many Franchise Fund requirements for services unique to PAIRS. Services under MARCITS available to all agencies include software development, assisting in year 2000 and electronic commerce projects, supporting systems security and testing, as well as drafting contingency plans.

Of significant concern to Fund activities is the 1997 Freedom From Government Competition Act, recently introduced by Senator Craig Thomas (R-WY), which would require federal agencies to outsource nearly all activities that OMB sees fit. Furthermore, the bill would prohibit agencies from offering services to other agencies.

6. The Veterans Benefits Administration (VBA) continues to struggle with its computer modernization program. The VBA Modernization Plan initiative began in 1991 to accomplish four major objectives:

- Develop an integrated benefits delivery and management information system
- Automate all manual processes that prove feasible and cost-effective
- Improve existing systems while staging them for integration with new solutions
- Convert existing systems to increase flexibility and provide for easier maintenance

These objectives were to be delivered in three stages — each marking a separate acquisition. The first stage, an eight-year contract awarded to Federal Data Corporation in December 1992, calls for the procurement of commercial off-the-shelf (COTS) ADP products and services for the sector host, regional office and workstation platforms of the modernization effort. The second stage, a five-year contract awarded to Oracle in July 1995, acquired high technology applications to support user productivity enhancements. Five years and millions of dollars later, however, it is questionable whether the third stage — providing the computers, operating systems, software, database management systems and electronic data interchange applications to integrate the entire modernization effort — will ever come into being.

Stage three requirements were never made clear since the initial RFC was released in May of 1994. Persistently low funding for stage two also prevented the release of an RFP for the final effort. Furthermore, Congress threatened to freeze all IT funds to the VBA in the summer of 1996 until it provided a strategic plan explaining how the faltering modernization effort would be revitalized. Currently, the modernization effort is still on hold.

On-Line Information Resources

The Department of Veterans Affairs maintains a World Wide Web home page accessible at http://www.va.gov. This site provides access to organizational information, press releases and many other departmental documents. General information on major contracts and procurement activity is also provided via the home page. However, the site's primary focus is on VA customers — U.S. veterans. For veterans, the site provides complete information on VA programs and benefits, as well as information on how to receive benefits.

For more detailed information on VA business opportunities, the Office of Acquisition and Materiel Management can be accessed at http://www.va.gov/oa&mm/index.htm. Acquisition announcements, points of contact, contract performance standards and training activities, among others, are posted at this site. Also provided is a link to VA's National Acquisition Center (NAC), which is responsible for the procurement of over $2 billion in medical supplies and equipment annually. Though the information provided is useful, specific IT opportunities are not isolated from non-IT programs.

For small business concerns, the VA's Office of Small and Disadvantaged Business Utilization recently posted its *FY 1997 Forecast of Business Opportunities* on the Internet at http://www.va.gov/osdbu/default.htm. Additional information is provided on customer service standards and points of contact.

More specific to IT activities at the VA, the Office of Information Resources Management maintains a home page at http://www.va.gov/oirm/index.htm. Links are provided for information systems post-implementation reviews, major procurements such as PCHS and PAIRS, IRM policies and directives within the VA, as well as the recently released *VA IRM Program for Fiscal Years 1997-2001.* This IRM forecast document details many existing IT contracts and anticipated opportunities within the department. Also available on this site is the recently created VA CIO Newsletter.

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Agency Profile

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Defense Finance and Accounting Service

Purpose

The Defense Finance and Accounting Service (DFAS) is responsible for making all payments, including payroll and contracts, and for maintaining all finance and accounting records for the Department of Defense (DoD). Furthermore, DFAS is responsible for standardizing DoD financial and accounting information. To accomplish this, DFAS supervises finance and accounting requirements, systems and functions for all appropriated, non-appropriated, working capital, revolving and trust fund activities within DoD, including security assistance.

To further ensure standardized financial and accounting methods, the agency establishes and enforces requirements, principles, standards, systems, procedures and practices necessary to comply with statutory and regulatory requirements applicable to DoD finance and accounting activities. DFAS is also charged with providing similar centralized finance and accounting services to other federal activities as designated by the Comptroller of the DoD.

In addition, the DFAS directs the consolidation and integration of finance and accounting requirements, functions, procedures, operations and systems and ensures their proper relationship with other DoD functional areas such as budget, personnel, logistics, acquisition and civil engineering.

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Organization

The Defense Finance and Accounting Service was established by direction of the Secretary of Defense on November 26, 1990 and became operational on January 15, 1991. The agency operates under DoD directive 5118.5.

DFAS is headed by the Director who reports directly to the Under Secretary of Defense (Comptroller) and Chief Financial Officer. The Director is aided by the Principal Deputy Director, General Counsel and the Internal Review Officer, in addition to the several Deputy Directors of the eight functional components, or deputates, within DFAS.

The Director has oversight of all payments and all finance and accounting records for the $250 billion annual Defense budget and its 5.9 million military members, civilians and retirees. The Director is also responsible for upgrading, standardizing and consolidating over 324 DoD finance and accounting systems.

The Defense Finance and Accounting Service is currently administered by Director Richard F. Keevey and employs approximately 24,000 civilians and 2,000 military personnel nationwide.

A highly decentralized agency, the daily activities of DFAS are conducted at its headquarters in Arlington, Virginia and at five core finance centers and approximately 343 Defense Accounting Offices (DAOs) throughout the U.S., most of which are currently being consolidated. DAOs are grouped into no more than 19 Operating Locations (regions) nationwide. To date, 230 of the 343 DAOs have been slated for closure and their processing consolidated into 17 regions and the five finance centers.

The organizational structure of the Defense Finance and Accounting Service is presented in Exhibit 1.

Exhibit 1

DFAS Organization

Director

Principal Deputy Director

- Electronic Commerce Program Office
- Internal Review
- General Counsel

Deputates:

- Plans and Management
- Finance
- Accounting
- Customer Service and Performance Assessment
- Human Resources
  - — Personnel Support Organization
- Resource Management
- Information Management
  - — Financial Systems Organization
- Accounting Systems Program Management Office

Finance Centers:

- Cleveland Center, OH
- Columbus Center, OH
- Denver Center, CO
- Indianapolis Center, IN
- Kansas City Center, MO

Operating Locations (17 Regions)

Field Sites (300 Offices)

Source: Defense Finance and Accounting Service

Program Activities

Below are the eight primary deputates of the Defense Finance and Accounting Service, which offer insight to the agency's program activities:

a. Accounting Systems Program Management Office

The Accounting Systems Program Management Office has policy and implementation oversight of all DFAS accounting systems. The office also manages DFAS' revolving funds, including the $30.3 billion Defense-Wide Working Capital Fund.

b. Customer Service and Performance Assessment

This deputate is responsible for monitoring and improving customer service to the Department of Defense. The office also manages Operation Mongoose, the DFAS fraud detection and prevention program. Major functions within Customer Service and Performance Assessment include:

- Internal Control and Audit Directorate
- Customer Service and Assessment Directorate
- Operational Review and Measurement Directorate

c. Finance

The Finance Deputate manages all DFAS payments to vendors, military and civilian personnel and beneficiaries. It is also responsible for debt management within the DoD. Major offices include:

- Civilian Pay Directorate
- Contract Pay Directorate
- Disbursing and Travel Directorate
- Integration and Systems Directorate
- Military Pay Directorate

d. Accounting

The Accounting Deputate performs accounting functions for payments made by the Finance Deputate. It also provides managers at all levels throughout DoD with the accounting support and financial management information essential to manage their resources. Foreign governments also depend on this component to account for their purchases from DoD.

e. Human Resources

This deputate manages the DFAS personnel and oversees DFAS personnel policy. Major Human Resources offices include:

- Civilian Personnel Directorate
- Military Personnel Directorate
- Planning and Development Directorate
- Equal Employment Opportunity Office
- Personnel Support Organization

f. Information Management

This deputate is responsible for information resource management (IRM), including DFAS financial systems. Key components of the Information Management Deputate include:

- Data and Process Integration Directorate
- Plans and Operations Directorate
- Systems Evaluation and Control Directorate
- Financial Systems Organization

The Financial Systems Organization (FSO) is the technology arm of the Defense Finance and Accounting Service. As such, it provides a wide range of information technology support services to the agency and end-users on a fee-for-service basis. Specific services include the development and maintenance of automated information systems for finance and accounting missions, the infusion of new technology into DFAS business processes and the management of the DFAS technology infrastructure.

g. Plans and Management

The Plans and Management Deputate is responsible for developing strategic plans for DFAS and has oversight of their implementation. This policy arm within DFAS strives for DoD-wide efficiency in financial and accounting systems through their consolidation, conversion and standardization. Components include:

- Consolidation Management Directorate
- Conversion Management Directorate
- Planning and Management Support Directorate

h. Resource Management
This deputate is responsible for the Defense Finance and Accounting Service budget and overall agency administration. Resource Management directorates include:

- Financial Management Analysis Directorate
- Program and Budget Directorate
- External Affairs and Administrative Support

Program Budget

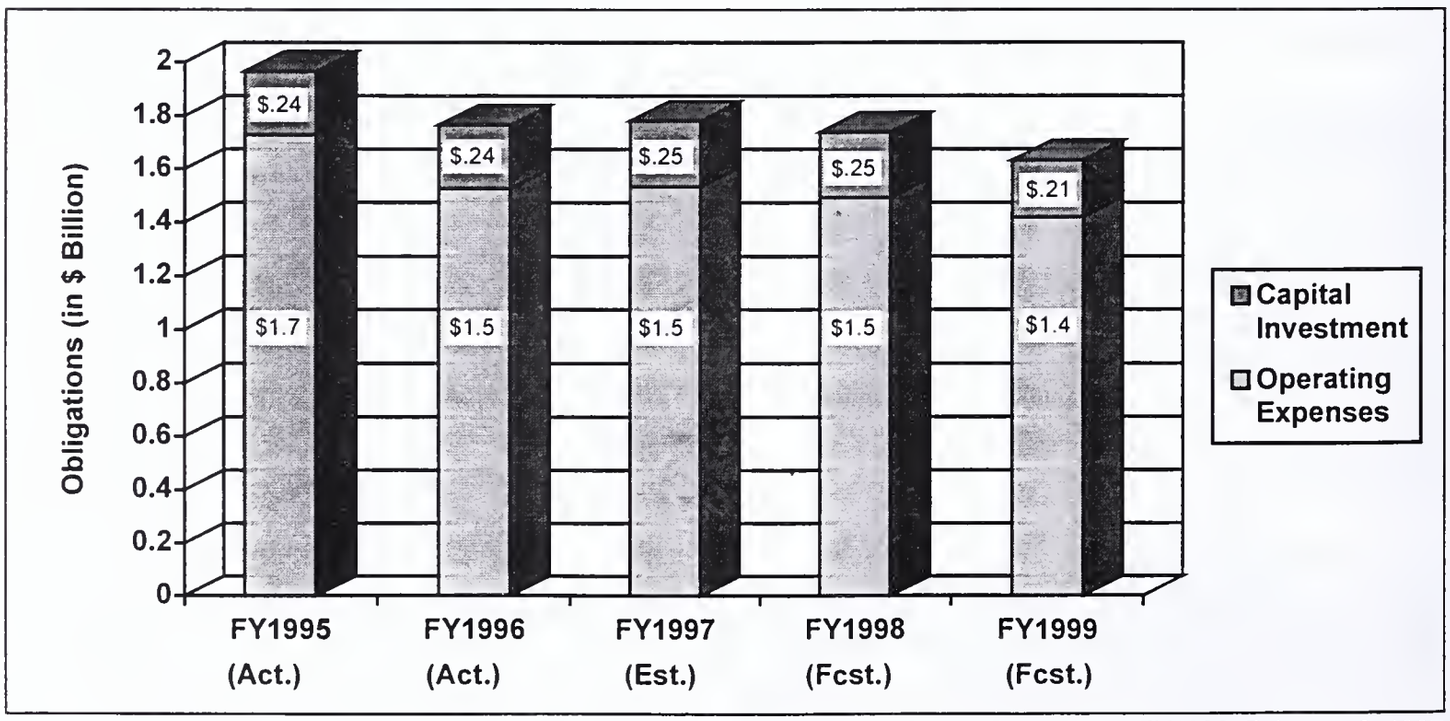
The annual President's budget identifies only limited federal funding information for the administrative components of the Department of Defense, including DFAS. The only direct program funding information available for DFAS is anticipated operation and maintenance expenses, totaling $92 million in FY 1998 and $83 million in FY 1999.

The agency's total program budget can also be estimated from other sources within the President's budget. For example, the Defense-Wide Working Capital Fund finances the industrial, commercial and support-type operations of the Defense Logistics Agency, Defense Finance and Accounting Service, Defense Information Services Agency and the Joint Logistics Systems Center. The fund emphasizes the components' functional and financial management responsibilities for their operations.

Within this fund, Defense financial operations are expected to decline 17% from an actual $2.0 billion in FY 1995 to an estimated $1.6 billion in FY 1999, as shown in Exhibit 2 below. Since DFAS receives a majority of financial operations funding, the agency's budget is also anticipated to decline in the near future. This decline in program funding is primarily attributable to the massive financial consolidation effort within DoD.

Exhibit 2

Total Obligations for Defense Financial Operations



Source: Budget of the United States Govemment FY1998, February 6, 1997

Information Technology Budget

The total information technology (IT) budget of the Defense Finance and Accounting Service is expected to show no significant growth over the next five years. While the budget is anticipated to grow slightly from FY 1996 to FY 1998, it will fall back to initial levels by FY 2001 — generating a flat five-year compound annual growth rate (CAGR).

Sharp reductions in spending authority are slated for the capital purchase and lease of equipment, from $56 million in FY 1996 to an estimated $41 million in FY 2001. The only increase in funding for equipment — from FY 1997 to FY 1998 — is attributable to increased costs associated with the support of recent initiatives, including:

- Deployment of the Defense Message System (DMS) replacing AUTODIN
- CEFMS accounting support for Army posts, camps and stations, Air Force bases and U.S. Transportation Command
- Deployment of the EDM solutions at eight operating locations and
- ADPE required to support ongoing operating location consolidations

The overall decline in equipment funding, however, is due to the anticipated completion of many of these deployment efforts in the near term.

Most notable in DFAS' IT budget is the anticipated 3% annual increase in personnel expenditures — unusual amidst federal downsizing, especially among DoD agencies. DFAS cites the recent Financial Systems Organization's shift from contract to in-house support and increased training requirements with the deployment of modernized systems. This fundamental shift will, in turn, reduce the need for vendor support services — expected to decline from $100 million in FY 1996 to $96 million in FY 2001. Combined with increased usage of existing IT supplies, the growth in personnel spending will significantly tighten the addressable portion of the total IT budget at DFAS.

The information technology budget of the Defense Finance and Accounting Service is provided in Exhibit 3. Figures are rounded and may account for subtotal discrepancies. Exhibit 4 highlights the distribution of IT appropriations among DFAS' two major functional areas — value-added services and financial services. Ratios are based on total capital appropriations reported to OMB for value-added and financial services from fiscal years 1996 to 1999.

Exhibit 3

Information Technology Budget of the Defense Finance and Accounting Service

Category	Spending in Obligations by FY in $ Millions						CAGR 1996-2001
	1996	1997	1998	1999	2000	2001	
Equipment:							
Capital Purchases	$43.2	$42.5	$47.5	$27.2	$28.0	$28.9	-8%
Other Purchases and Leases	12.9	9.8	8.8	10.8	11.1	11.5	-2%
Total Equipment	**56.1**	**52.3**	**56.3**	**38.0**	**39.1**	**40.5**	**-6%**
Software:							
Capital Purchases	0	0	0	0	0	0	-%
Other Purchases and Leases	0.4	0.5	0.4	0.4	0.5	0.5	4%
Total Software	**0.4**	**0.5**	**0.4**	**0.4**	**0.5**	**0.5**	**4%**
Services (Processing and Telecom.)	**16.3**	**17.6**	**17.5**	**15.6**	**16.1**	**16.7**	**-%**
Support Services	**100.0**	**109.7**	**112.0**	**86.2**	**90.6**	**95.5**	**-1%**
Other FIP Resources	**20.1**	**17.4**	**18.9**	**21.8**	**22.7**	**23.7**	**3%**
Contracted Out Portion of IT Budget	**192.9**	**197.4**	**205.2**	**162.1**	**168.9**	**176.9**	**-2%**
Supplies	**2.8**	**2.9**	**2.8**	**2.8**	**2.9**	**3.0**	**1%**
Personnel	**100.1**	**114.5**	**119.2**	**126.1**	**121.0**	**115.0**	**3%**
Total IT Budget	**295.7**	**314.8**	**327.2**	**290.9**	**292.8**	**294.8**	**-%**

Source: Department of Defense and INPUT

IT Contract Opportunities

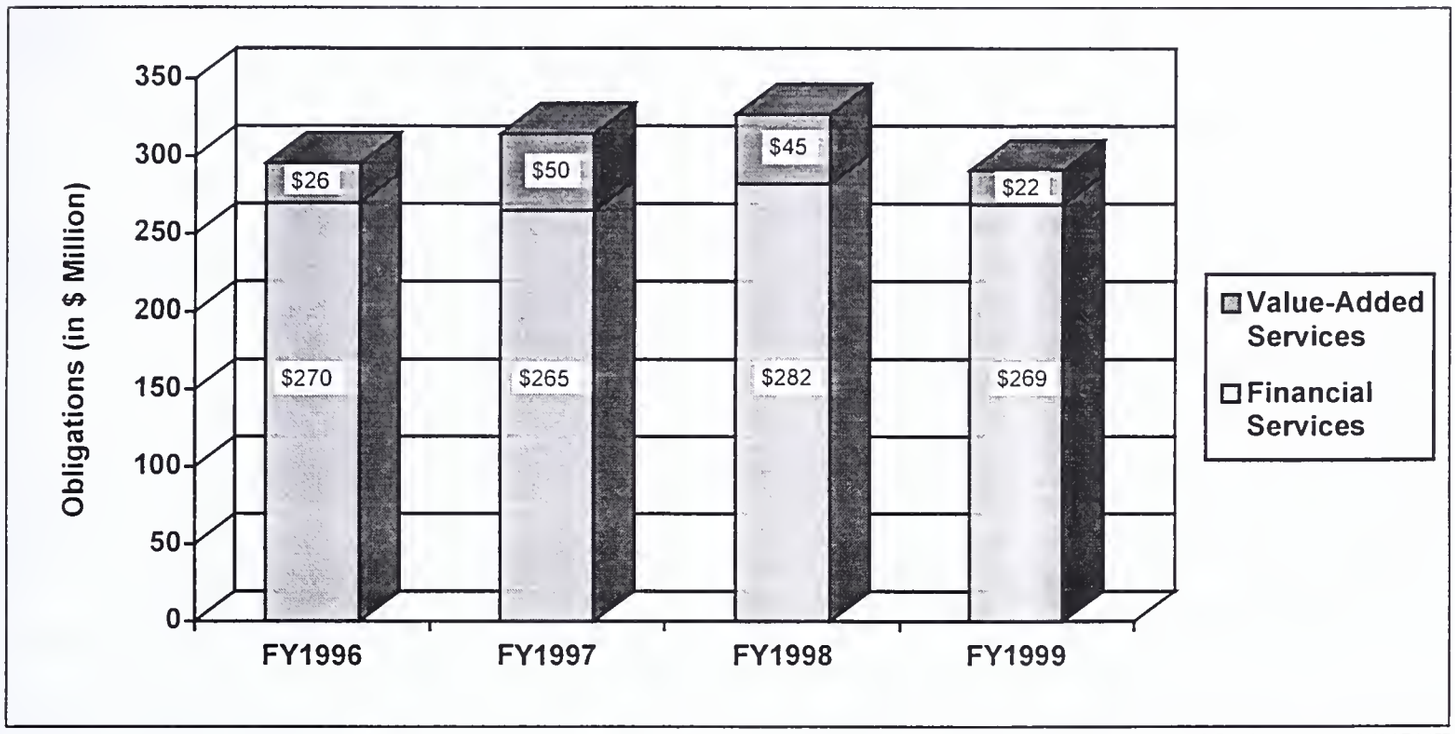
The Defense Finance and Accounting Service is currently pursuing only one major IT acquisition, as summarized below:

FIP Infrastructure Services Recompete
Type: Professional Services, Full and Open

DFAS has an ongoing requirement for federal information processing (FIP) infrastructure services. The current contract with Unisys provides systems integration services and support for the analysis and installation of the DFAS technical infrastructure. The baseline requirement was for technical-oriented resources with a broad understanding of office automation and local area network (LAN) technologies, system life-cycle technical activities, integrated networks, testing components and systems, evaluating life-cycle costs, training and maintenance of network and enterprise systems.

Exhibit 4

Defense Finance and Accounting Service IT Budget Distribution by Function



Source: Department of Defense and INPUT

Major Financial Systems

To ensure the proper and efficient operation of over 324 DoD finance and accounting systems, the Department of Defense strategic plan calls for DFAS to develop and operate standardized systems in each finance and accounting business area within the next five years. DFAS' framework for the management of systems integration and data administration is derived from the DoD Finance & Accounting Model (DFAM), part of the larger DoD Enterprise Model, which describes the agency's visionary information infrastructure requirements. Designated DFAM migratory finance systems are:

- *Defense Debt Management System* — the first standardized financial system to be fully implemented, this system is used to collect the debts of former military members and DoD civilians, as well as delinquent contractor accounts
- *Defense Joint Military Pay System* — has paid all Army and Air Force active duty members, reserve and National Guard personnel, Reserve Officer Training Corps cadets and midshipmen, Armed Forces Health Professional Scholarship Program students and the U.S. military academy cadets and midshipmen since the end of 1995. DFAS began converting Navy active and reserve accounts in December 1995. All Army, Navy and Air Force personnel now paid by this system since January 1997
- *Defense Civilian Pay System* — serving 460,000 civilian pay accounts since the end of September 1995
- *Defense Transportation Payment System* — will standardize transportation payments using electronic data interchange (EDI)

- *Defense Retiree and Annuitant Pay System* — processes retired pay and annuities for all military retirees and annuitants. Implementation of this system began in May 1993 and was completed in April 1995

To improve the quality of accounting support, DFAS will also select interim migratory accounting systems along military component lines. While this approach supports a transition to a smaller number of enhanced accounting systems, it is principally designed to bring more immediate improvement to DoD's accounting and finance reporting. Ultimately, the interim migratory systems will be further reduced to DoD-wide standard accounting systems.

While many others exist, the more significant systems currently under DFAS jurisdiction are categorized by function in Exhibit 5.

Major Contracts and Contractors

Exhibit 6 provides a brief overview of the major active IT contracts at the Defense Finance and Accounting Service, as well as the leading vendors within the agency fulfilling the requirements. Currently, the agency has six major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $791 million. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 5

Major Defense Financial and Accounting Systems

Accounting Systems and Programs:

- Defense Joint Accounting System (DJAS)
- Program Budget Accounting System (PBAS)
- Standard Financial Inventory Accounting and Reporting System - Modernization (STARFIARS-MOD)

Pay Systems and Programs:

- Commercial Accounts Processing System (CAPS) For Windows
- Contractor Invoice Service (COINS)
- Defense Business Management System (DBMS)
- Defense Civilian Pay System (DCPS)
- Defense Debt Management System (DDMS)
- Defense Joint Military Pay System (DJMS)
- Defense Procurement Payment System (DPPS)
- Defense Retiree and Annuitant Pay System (DRAS)
- Defense Transportation Payment System (DTRS)

Credit Card Programs:

- DoD Purchase Card Program

Other Financial Management Systems:

- Global Edit Table (GET)

Source: Defense Finance and Accounting Service

Exhibit 6

Major Contracts at the Defense Finance and Accounting Service

Program	Type	Size	Description
1. DFAS-IN Mainframe Replacement	Hardware/ Software — IDIQ	$6M 6 yrs.	Unisys provides the DFAS-Indianapolis financial processing center (DFAS-IN) with two Unisys mainframe computers, software, installation, training and system analysis support. Awarded in June 1992.
2. DASD Replacement (DFAS-DASD)	Hardware/ Software — IDIQ	$1M 5 yrs.	Amperif Corporation provides DFAS-Indianapolis with a direct access storage device (DASD) for use with its Unisys mainframe system, as well as installation, documentation, training and maintenance services. Awarded in July 1992.
3. Imaging Solutions for DFAS	Professional Services — Cost Plus Fixed Fee	$21M 5 yrs.	Acquired through the Naval Regional Contracting Center, EDS provides professional services for the five DFAS financial processing centers, including systems analysis, design, development, integration, installation and maintenance of electronic document imaging systems. Awarded in September 1994.
4. DITSO CPU and Direct Access Storage Device Replacement	Hardware/ Software — IDIQ	$11M 8 yrs.	CCL, Inc. and MLC Federal, Inc. provide two mainframe computers and maintenance for the Defense Civilian Pay System (DCPS). DCPS will replace eighteen separate payroll systems currently operating at 300 locations and centralize the efforts to two sites, DITSO-Denver and DITSO-Cleveland. Awarded in April 1995.
5. Department of the Army Software Support Services - Umbrella 3 (DASSS-U3)	Professional Services — IDIQ	$100M 5 yrs.	EDS and SRA provide DFAS and the Defense Information Systems Agency (DISA) with software support services, including software development, installation, maintenance and conversion, as well as analysis, documentation and training. Awarded in September 1995.
6. FIP Infrastructure Services	Professional Services — IDIQ	$166M 5 yrs.	Unisys provides professional and systems integration services in support of the analysis and installation of the DFAS technical infrastructure. In addition to the five DFAS financial centers, this contract supports the expansion of the infrastructure to 21 other designated operating locations throughout the country. Awarded in September 1995.
7. FIP DFAS-FSO Financial Integrated Systems Services	Professional Services — IDIQ	$507M 5 yrs.	Through the Naval Fleet Industrial Supply Center, Boeing, CSC, EDS and Lockheed Martin provide the DFAS Financial Systems Organization (FSO) services to support more than 200 automated information systems in the areas of finance, accounting, payroll, transportation, logistics, personnel and management. Awarded in September 1996.

Source: INPUT

Issues at DFAS

1. DFAS continues to move forth in its effort to streamline the Defense Department's financial operations. Since the initiative was first announced by the Deputy Secretary of Defense in May 1994, streamlining has primarily taken the form of consolidation at DFAS, with 230 of the 343 Defense Accounting Offices (DAOs) already in the process of closure and restructuring. To date, their processing efforts have been consolidated from 19 to 17 Operating Locations (OPLOCS), or regions, and five major financial centers throughout the U.S. To phase out redundant accounting and finance systems within the remaining sites, DFAS has selected a number of migratory systems as identified previously in the "Major Financial Systems" portion of this profile.

On January 8, 1997, DFAS announced the planned consolidation of 27 additional DAOs for the remainder of fiscal year 1997. These reorganizations are expected to affect approximately 1,400 DoD military personnel and civilian employees, since their functions will be transferred to the five existing finance centers in Ohio, Colorado, Indiana and Missouri. Consolidation of Defense Department finance and accounting activities in the continental U.S. is scheduled for completion in fiscal year 1998.

2. The Director of the Defense Finance and Accounting Service has compiled the annual list of strategic priorities at the agency for 1997. These key initiatives will shape the efforts of DFAS in both the short and long terms, and they set the tone for the overall IRM vision:

- Implement an approved accounting system strategy, and in the interim, improve the quality and timeliness of our accounting reports
- Reduce problem disbursements (NULOs and UMDs) and contract overpayments by 50% and reengineer the in-transit disbursement process
- Reengineer the payment process to vendors, contractors and travelers by using credit cards, EC/EDI, EFT, EDM and EDA
- Complete deployment and/or enhancement of key finance systems, specifically civilian payroll, military payroll, travel, transportation, disbursement and accounts payable
- Complete CONUS consolidation and begin OCONUS consolidation with Japan and Korea
- Strengthen internal controls, including computer security, and expand the Operation Mongoose program for fraud detection
- Implement a cost effective training program for all employees and, where applicable, for our customers

While specific to DFAS, this concept of future operations is driven by the Secretary of Defense, including the Financial Management Reform initiative and the DoD Chief Financial Officer Financial Management Five Year Plan.

3. The General Accounting Office (GAO) and Congress continue to scrutinize and criticize Defense financial management. In a recent High-Risk Series report (HR-97-3), GAO reviewed DoD's inability to put in place the financial management operations and controls required to produce the information it needs to ensure accountability and support decision-making. In the past several years, all military service and other DoD components have failed to meet basic standards by independent financial audits, which has led to over 400 recommendations aimed at correcting the

department's most critical financial management weaknesses. Six critical weaknesses include:

- Information systems
- Cost accounting
- Disbursements
- Personnel
- Internal controls
- Business processes

Several recent GAO reports assert the need for reform in Defense financial management, only a few of which follow:

- *Financial Management: DoD Inventory of Financial Management Systems is Incomplete* (AIMD-97-29) released on January 31, 1997
- *High-Risk Series: Defense Financial Management* (HR-97-3) released on February 1, 1997
- *Financial Management: An Overview of Finance and Accounting Activities in DoD* (NSIAD/AIMD-97-61) released on February 19, 1997
- *Financial Management: Improved Management Needed for DoD Disbursement Process Reforms* (AIMD-97-45) released on March 31, 1997

4. In July 1993, the Deputy Under Secretary of Defense for Acquisition Reform chartered the Electronic Commerce in Contracting (ECIC) Process Action Team (PAT) to conduct a review of existing and future use of electronic commerce (EC) and electronic data interchange (EDI) within the Department of Defense. With representatives from across the DoD and advisors from several federal agencies and industry, the ECIC PAT developed an implementation plan for an integrated DoD-wide approach to electronic procurement, which was approved in January 1994. DFAS continues to work aggressively to comply with this effort and to develop additional EDI applications not targeted by the plan. DFAS has implemented the use of EDI for the submission of commercial invoices for the Standard Automated Materiel Management System (SAMMS) contracts, commercial invoices and requests for progress payment for the Mechanization of Contract Administration Services (MOCAS) system contracts, and it has limited invoicing capabilities for the Standard Accounting and Reporting System (STARS) contracts. According to the agency, DFAS is eager to establish an EC/EDI trading partner relationship with vendors for all of its finance centers. Participation and implementation guides are available to vendors via the Internet at http://www.dfas.mil/dir_init/ec_edi/index.htm.

5. The Defense Finance and Accounting Service is continuing efforts to stop financial fraud through Operation Mongoose. The initiative uses computer matching techniques to verify disbursements and focuses on areas vulnerable to financial fraud within DoD. The client/server tracking system, Operation Mongoose On-line (OMO), is used to track and manage computer anomalies identified from matching contracting systems, payment systems, disbursing systems and audit reviews, as well as their direct monetary/non-monetary impact on DoD resources.

Since its inception in 1994, Operation Mongoose has stopped more than $6 million each year in retiree and annuity pay being disbursed to deceased or ineligible people throughout the world. The operation has also initiated over 100 system and procedural changes to correct internal control weaknesses and curb fraud.

DFAS continually seeks industry assistance and feedback on this security program. Operation Mongoose Public Affairs Officer Lt. Col. David R. Holland can be reached at (408) 583-3002 or by email at dholland@cleveland.dfas.mil.

On-Line Information Resources

The Defense Finance and Accounting Service maintains a World Wide Web home page called DFAS LANE accessible at http://www.dfas.mil. This site provides information on major DFAS initiatives, agency and program organization, significant points of contact, public affairs, as well as areas of interest to agency customers and employees. Though major systems and initiatives are discussed, little information is available on business opportunities with DFAS.

An on-line reference library accessible via the home page does offer useful information on a handful of acquisitions, significant enterprise models currently in place and those being implemented, DFAS business and strategic plans, as well as key regulations that affect the functioning of the agency. The reference library can be reached directly at http://www.dfas.mil/library/index.htm.

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This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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Agency Profile

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Department of Energy

Purpose

The Department of Energy (DOE), in partnership with its customers, is entrusted to contribute to the welfare of the nation through selected energy programs. Toward this end, DOE provides technical information and a scientific and educational foundation for the technology, policy and institutional leadership necessary to achieve efficiency in energy use, diversity in energy sources, a more productive and competitive economy, improved environmental quality and a secure national defense.

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Organization

The Department of Energy was established by the Department of Energy Organization Act (42 U.S.C. 7131), effective October 1, 1977, pursuant to Executive Order #12009 of September 13, 1977.

The Act consolidated the major federal energy functions into one Cabinet-level department, transferring to DOE several components of the Department of the Interior, including the power-marketing functions of Interior's Bureau of Reclamation. Also transferred to DOE were certain functions of the Interstate Commerce Commission and the Departments of Commerce, Housing and Urban Development and the Navy.

The department is headed by the Secretary of Energy, who is principally aided by the Deputy Secretary and the Under Secretary. The Deputy Secretary, who serves as the department's Chief Operating Officer, has direct oversight and responsibility for energy, science and technology and national security programs as they pertain to DOE. The Under

Secretary is primarily responsible for conducting the department's environmental management programs. Eight Assistant Secretaries and two Associate Deputy Secretaries are organized under them to carry out the daily activities of Energy's various program offices and boards.

Offices managing programs which require large budget outlays or provide technical direction and support are structured to reflect the principal programmatic missions of the department. The energy mission area includes the Assistant Secretary for Energy Efficiency and Renewable Energy, the Assistant Secretary for Fossil Energy, the Power Marketing Administrations and the Energy Information Administration. The national security mission area includes the Assistant Secretary for Defense Programs and the Office of Nonproliferation and National Security. The environmental management mission area includes the Assistant Secretary for Environmental Management, the Office of Fissile Materials Disposition and the Office of Civilian Radioactive Waste Management. The science and technology mission area includes the Office of Energy Research and the Office of Nuclear Energy, Science and Technology.

The department's organization also includes the Federal Energy Regulatory Commission (FERC), an independent governmental regulatory organization.

The Department of Energy is currently directed by Secretary Federico F. Peña and employs approximately 17,500 people. This level of employment is down from approximately 19,000 employees at this time last year. This reduction in departmental staff is due to an aggressive program of reorganization and downsizing initiated by DOE on May 3, 1995. This program plans to reduce the departmental workforce to less than 11,000 by fiscal year 1999. Currently, 35% of DOE's employees are located in the Washington, DC area.

Exhibit 1

Department of Energy Organization

Secretary of Energy

Deputy Secretary

Under Secretary

- Assistant Secretary for Policy and International Affairs
- Assistant Secretary for Environment, Safety and Health
- Assistant Secretary, Congressional, Public and Intergovernmental Affairs
- Assistant Secretary, Human Resources and Administration
- Assistant Secretary for Defense Programs
- Assistant Secretary for Fossil Energy
- Assistant Secretary, Energy Efficiency and Renewable Energy
- Assistant Secretary for Environmental Management
- Associate Deputy Secretary for Energy Programs
- Associate Deputy Secretary for Field Management
- Inspector General
- General Counsel
- Chief Financial Officer
- Energy Information Administration
- Office of the Secretary of Energy Advisory Board
- Office of Economic Impact and Diversity
- Office of Quality Management
- Office of Hearings and Appeals
- Office of Energy Research
- Office of Nuclear Energy, Science and Technology
- Office of Fissile Materials Disposition
- Office of Civilian Radioactive Waste Management
- Office of Nonproliferation and National Security
- Worker and Community Transition
- Departmental Representative to the Defense Nuclear Facilities Safety Board

continued on next page

Department of Energy Organization (cont.)

Operations Offices:
- Albuquerque Operations Office
- Chicago Operations Office
- Nevada Operations Office
- Oakland Operations Office
- Oak Ridge Operations Office
- Richland Operations Office
- Savannah Operations Office
- Idaho Operations Office

Power Administrations:
- Alaska Power Administration
- Bonneville Power Administration
- Southeastern Power Administration
- Southwestern Power Administration
- Western Area Power Administration

Laboratories and Facilities Servers (48 locations)

Federal Energy Regulatory Commission

Source: U.S. Government Manual 1996/1997

The Department of Energy is headquartered in Washington, DC but maintains eight operations offices and five Power Administrations across the country, as well as over 45 laboratories and field offices. However, in addition to workforce reductions, Energy downsizing plans also call for office closures to save departmental overhead costs.

The organizational structure of the Department of Energy is presented in Exhibit 1.

Program Activities

Below are brief descriptions of the primary organizations and functional areas within the Department of Energy, which offer insight into the major departmental program activities:

a. Office of the Secretary
The Secretary, as Chief Executive Officer, provides the overall vision, programmatic leadership, management direction and administration of the department. The principal offices serving the Secretary include the Deputy Secretary, Under Secretary, General Counsel, Inspector General, Chief Financial Officer and the Assistant Secretaries.

b. Field Management
The Associate Deputy Secretary for Field Management provides centralized responsibility for strategic planning, management coordination and oversight of the department's field operations in general, and specifically for executing programs and projects accomplished through the department's eight operations offices.

c. Policy and International Affairs
The Assistant Secretary for Policy and International Affairs formulates and develops national and international energy policy, strategic plans and integration procedures for departmental program and budget goals. The Assistant Secretary's office analyzes, develops and coordinates departmental technology, environmental and economic policy, and it leads the department's bilateral and multilateral cooperation, investment and trade activities. It also develops and tests energy emergency plans so that the department can respond to energy supply disruptions.

d. Environment, Safety and Health
The Assistant Secretary for Environment, Safety and Health provides independent oversight of departmental execution of environmental, occupational safety and health, nuclear/non-nuclear safety and security laws, regulations and policies. The office also exercises independent review and approval of environmental impact statements prepared within the department, and it carries out the legal functions of the nuclear safety civil penalty and criminal referral activities.

e. Hearings and Appeals
The Office of Hearings and Appeals reviews and issues all final DOE orders of a judicial nature, other than those involving matters over which the Federal Energy Regulatory Commission exercises final jurisdiction. The office is responsible for considering and issuing decisions on appeals from orders of a regulatory nature issued by DOE components, as well as requests for exception or exemption from any regulatory or mandatory requirements.

f. Economic Impact and Diversity
The Office of Economic Impact and Diversity advises the Secretary on the effects of energy policies, regulations and other actions of the department and its components on minorities, minority business enterprises and minority educational institutions. The office also seeks to ensure that minorities are afforded an opportunity to participate in energy programs of the department.

g. Worker and Community Transition
The Office of Worker and Community Transition develops policies and programs necessary to plan for and mitigate the impacts of changing conditions on the workers and communities affected by the department's mission changes. It also attempts to ensure that those policies and programs are carried out in a way that guarantees fair treatment of all concerned, while recognizing the unique conditions at each site and in each contract. The office provides assistance to those communities most affected by the changing missions at DOE field sites by using the department's resources to stimulate economic development.

h. Quality Management
The Office of Quality Management assists and supports Department of Energy executives and managers in their charge to implement the principles and culture of quality management within the department. The office provides information and technical assistance to departmental officials on customer identification, performance measures, measurement of service quality, process improvement methods and tools and statistical analysis.

i. Energy Efficiency and Renewable Energy
The Assistant Secretary for Energy Efficiency and Renewable Energy is responsible for formulating and directing programs designed to increase the production and utilization of renewable energy (solar, biomass, wind, geothermal, alcohol fuels, etc.) and improving the energy efficiency of the transportation, building, industrial and utility sectors through the support of long-term, high-risk research and development activities.

j. Fossil Energy
The Assistant Secretary for Fossil Energy is responsible for research and development programs involving fossil fuels (coal, petroleum and gas). The fossil energy program involves applied research, exploratory development and limited proof-of-concept testing targeted to high-risk and high-payoff endeavors. The objective of the program is to provide the general technology and knowledge base that the private sector can use to complete development and initiate commercialization of advanced processes and energy systems. The Assistant Secretary also manages the Clean Coal Technology Program, the Strategic Petroleum Reserve and the Naval Petroleum and Oil Shale Reserves.

k. Energy Information Administration
The Energy Information Administration (EIA) is responsible for the timely and accurate collection, processing and publication of data in the areas of energy resource reserves, energy production, demand, consumption, distribution and technology. The administration performs analyses of energy data to assist government and nongovernment users in understanding energy trends. Analyses are prepared on complex, long-term energy trends and the impacts of energy trends on regional and industrial sectors.

l. Defense Programs
The Assistant Secretary for Defense Programs directs the nation's nuclear weapons research, development, testing, production and surveillance programs, as well as the management of defense nuclear waste and byproducts. The Assistant Secretary oversees the production of the special nuclear materials used by the weapons program within the department, and it ensures the technology base for the reliability and military effectiveness of the nuclear weapons stockpile.

m. Nonproliferation and National Security
The Office of Nonproliferation and National Security ensures that intelligence information requirements of the Secretary and senior departmental policy makers are met and that the department's technical, analytical and research expertise is made available to the U.S. intelligence community. The office also directs the development of the department's policy, plans and procedures relating to arms control, nonproliferation, export controls and safeguard activities.

n. Environmental Management
The Assistant Secretary for Environmental Management provides program policy guidance and manages the assessment and cleanup of inactive waste facilities, continues waste management operations and develops and implements a waste research and development program to provide innovative environmental technologies that yield permanent disposal solutions at reduced costs. The office also provides centralized DOE direction for environmental restoration. Additionally, the Assistant Secretary provides guidance to DOE field offices in all of these areas.

o. Civilian Radioactive Waste Management
The Office of Civilian Radioactive Waste Management has responsibility for the Nuclear Waste Fund and for the management of federal programs for recommending, constructing and operating repositories for disposal of high-level radioactive waste and spent nuclear fuel. The office also supervises interim storage activities and research, development and demonstrations regarding spent nuclear fuel, monitored retrievable storage and the disposal of high-level radioactive waste.

p. Fissile Materials Disposition
The Office of Fissile Materials Disposition is responsible for all activities of the department relating to the management, storage and disposition of fissile materials from weapons and weapons systems that are in excess to national security needs of the United States. The office coordinates the development of Department of Energy policy regarding these fissile materials and oversees the development of technical and economic analyses and related research for this effort.

q. Energy Research
The Office of Energy Research advises the Secretary on the physical and energy research and development programs of the department, in addition to the financial assistance and budgetary priorities for these activities. The office also monitors DOE research and development programs for deficiencies or duplications and, in conjunction with the Assistant Secretary for Congressional, Public and Intergovernmental Affairs, monitors the international exchange of scientific and technical personnel.

r. Nuclear Energy, Science and Technology
The Office of Nuclear Energy, Science and Technology manages the department's research and development programs associated with fission and fusion energy. This includes programs relating to nuclear reactor development, both civilian and naval, nuclear fuel cycle and space nuclear applications. In addition, the office conducts technical analyses and provides advice concerning nonproliferation, assesses alternative nuclear systems and fuel cycle concepts, and it evaluates proposed advanced nuclear fission energy concepts and technical improvements for possible application to nuclear powerplant systems.

s. Federal Energy Regulatory Commission
An independent, five-member commission within the Department of Energy, the Federal Energy Regulatory Commission is responsible for setting rates and charges for the transportation and sale of natural gas, as well as for the transmission and sale of electricity and the licensing of hydroelectric power projects. In addition, the commission establishes rates or charges for the transportation of oil by pipeline and the valuation of such pipelines.

t. Power Administrations
The marketing and transmission of electric power produced at federal hydroelectric projects and reservoirs are carried out by the department's five Power Administrations. Management oversight of the Power Administrations is the responsibility of the Deputy Secretary.

u. Operations Offices
DOE operations offices provide a formal link between department headquarters and the field laboratories and other operating facilities. They also manage programs and projects as assigned to them from headquarters. Routine management guidance, coordination and oversight of the operations offices are provided by the Associate Deputy Secretary for Field Management.

Program Budget

Total federal funding for the Department of Energy will likely remain stagnant over the next five years. While growth in funds is slated through FY 1998, a sharp decline will likely result from continued downsizing efforts in the outyears — bringing total anticipated funding for FY 2002 slightly below current funding levels. The two largest federal program accounts in DOE's budget, Atomic Energy Defense Activities and Energy Programs, will also see no substantial change in funding through FY 2002.

In sharp contrast, federal funds for the Power Marketing Administration are expected to rise from an actual $122 million in FY 1996 to $154 million in FY 2002 — at a compound annual growth rate (CAGR) of 15%. A majority of funding for the administration, however, is derived from public enterprise funds and is therefore not included in the data given below. Also of note is the sharp decline in funding for departmental administration, expected to drop at a 13% CAGR. This reduction in funds is primarily attributable to planned facilities and personnel reductions through fiscal year 1999.

The program budget for the Department of Energy is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Department of Energy

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Selected Atomic Energy Defense Activities:							
Weapons Activities	$3,455	$3,911	$3,576	$3,497	$3,400	$3,362	$3,321
Environmental Restoration and Waste Management	5,545	5,619	5,052	4,647	4,778	4,674	4,533
Nuclear Waste Disposal	248	200	190	190	190	190	190
Total Atomic Energy Defense Activities	**10,678**	**11,336**	**13,597**	**11,805**	**11,145**	**10,844**	**10,510**
Selected Energy Programs:							
General Science and Research	966	996	876	946	946	946	946
Energy Supply R&D	2,758	2,711	2,999	2,893	2,886	2,761	2,687
Fossil Energy R&D	415	365	346	321	321	321	321
Energy Conservation	533	550	688	691	688	690	689
Federal Energy Regulatory Commission	131	146	168	174	180	186	193
Total Energy Programs	**5,637**	**5,452**	**5,671**	**5,868**	**5,645**	**5,522**	**5,447**
Power Marketing Administration	**122**	**219**	**196**	**238**	**250**	**284**	**154**
Departmental Administration	**286**	**114**	**130**	**124**	**124**	**124**	**124**
Total Program Budget	**16,723**	**17,121**	**19,594**	**18,035**	**17,164**	**16,774**	**16,235**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The CAGR for Energy's total information technology (IT) spending over the period shown is 8%, growing from just under $1.4 billion in FY 1996 to $2.0 billion in FY 2001. With the exception of supplies and personnel, all categories listed below are expected to show moderate to strong growth over the next five years. Support services — any commercial service (including maintenance) used to support equipment, software or processing and telecommunications services — alone comprised 51% of DOE's total IT resources in FY 1996 and are expected to witness annual growth of 10% over the next several years.

Of particular note in Energy's IT budget is the large portion addressable to vendors. Much higher than the federal average, DOE contracted 91% of its total information technology resources to vendors in FY 1996 and is expected to increase this portion to 95% in FY 2001. This contracted portion represents a 9% CAGR, even more impressive given that it is of a total budget growing at an 8% CAGR.

The information technology budget of the Department of Energy is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Department of Energy

Category	Spending in Obligations by FY in $ Millions						CAGR 1996-2001
	1996	1997	1998	1999	2000	2001	
Equipment:							
Capital Purchases	$187	$197	$254	$248	$263	$282	9%
Other Purchases and Leases	143	148	161	169	179	192	6%
Total Equipment	**330**	**345**	**416**	**417**	**442**	**473**	**7%**
Software:							
Capital Purchases	32	32	31	28	30	33	1%
Other Purchases and Leases	71	79	71	94	102	111	9%
Total Software	**104**	**111**	**102**	**122**	**132**	**144**	**7%**
Services (Processing and Telecom.)	**123**	**130**	**124**	**155**	**164**	**176**	**7%**
Support Services	**690**	**707**	**714**	**905**	**995**	**1,104**	**10%**
Contracted Out Portion of IT Budget	**1,246**	**1,293**	**1,355**	**1,599**	**1,733**	**1,897**	**9%**
Supplies	**49**	**51**	**53**	**39**	**41**	**44**	**-2%**
Personnel	**69**	**70**	**71**	**71**	**65**	**59**	**-3%**
Total IT Budget	**1,364**	**1,414**	**1,479**	**1,709**	**1,840**	**2,000**	**8%**

Source: Department of Energy and INPUT

IT Contract Opportunities

The major Department of Energy acquisitions summarized below are currently active:

a. ADP and Telecommunications
Type: Cost Plus Fixed Fee, 8(a)
The Office of Civilian Radioactive Waste Management requires network and automated data processing (ADP) support services in Washington, DC and Las Vegas, Nevada. This program is currently held by Kenrob & Associates.

b. ADP Support Services
Type: TBD
The Department of Energy has a continuing need for ADP support services at the Western Area Power Administration's (WAPA) Salt Lake City, Utah Area Office, Montrose, Colorado District Office and Golden, Colorado headquarters.

c. Analysis of Energy Data Collections
Type: Cost Plus Fixed Fee, 8(a)
The Department of Energy has a continuing need for technical and administrative support services for the Energy Information Administration. The current contract with Walcoff & Associates is due to expire in April 1999.

d. Automated Data Processing Support Services Recompete
Type: TBD
The Department of Energy's Oak Ridge Operations Office in Oak Ridge, Tennessee is expected to recompete its requirement for ADP support. The existing contract supplies work in the areas of computer operations, application design and software development, data communication and network support and computer hardware maintenance, among others.

e. Computer Operations, Facilities and Telecommunications Services Recompete (COFATS)
Type: TBD
The Bonneville Power Administration (BPA) has an ongoing requirement for on-site computer operations, facilities and telecommunications support. The current contract serves the BPA's Portland, Oregon and Vancouver, Washington data centers.

f. Energy Information Administration Omnibus (EIA OMNIBUS)
Type: IDIQ
The Energy Information Administration intends to acquire services to support a comprehensive data and information program. The program relates to energy resources and reserves, energy production, energy demand and energy technology and will eventually encompass all support services contracts currently in place at EIA.

g. Information Resources Management Support Services (IRM-SS)
Type: TBD
The Department of Energy has an ongoing requirement for general purpose ADP equipment, supplies and support services, as well as telecommunications services at locations throughout the U.S.

h. Licensing Support System (LSS)
Type: TBD
The Department of Energy and the Nuclear Regulatory Commission have a need for an imaging system capable of electronically storing and accessing legal, technical, legislative and scientific nuclear information.

i. Non-Personal Technical and Management Services
Type: Cost Plus Fixed Fee
DOE's Rocky Flats Office expects to recompete its ongoing requirement for professional, administrative and management services to support the review and assessment of computer and information technology operations, maintenance, productivity and security.

j. Technical Environmental Projects Management
Type: Cost Plus Reimbursement
Energy's Oak Ridge Operations Office has an ongoing requirement for technical environmental projects management, as well as integration services for its environmental projects facilities located in Oak Ridge, Tennessee, Piketon, Ohio and Paducah, Kentucky.

k. Technical Support Services
Type: Cost Plus Fixed Fee
The Albuquerque Operations Office has a continued requirement for specialized technical support services and expertise to assist the Office of Operations and Weapons (OOW) in programmatic activities. The Stone & Webster Engineering Corp. contract expires in August 1997.

l. Accelerated Strategic Computing Initiative - Pathforward Project (ASCI)
Type: TBD
The Department of Energy will likely have a requirement for hardware and software to implement advanced supercomputers at its Lawrence Livermore, Sandia and Los Alamos National Laboratories. The ASCI project is conducted in conjunction with the Department of Defense to simulate and model the testing of nuclear devices.

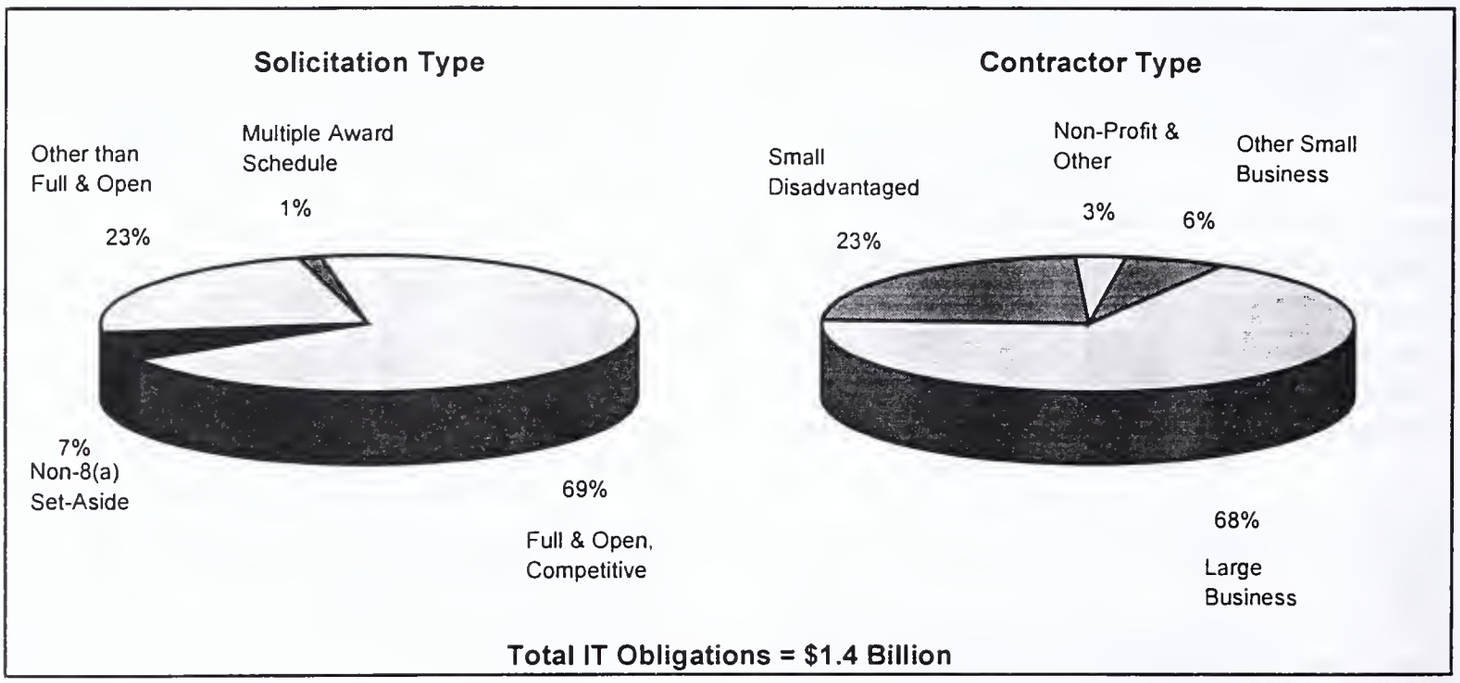
DOE Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Department of Energy to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit organizations, state and local governments, foreign contractors and domestic contractors performing work outside the U.S. comprise the "non-profit and other" contractor component.

Exhibit 4

Acquisition Profile for the Department of Energy
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of Energy is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 37% of DOE's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at DOE
FY 1996

1. Science Applications International Corporation
2. DynCorp
3. BDM International
4. MAC Technical Services Company
5. Burns & Roe, Inc.
6. Coleman Research Corporation
7. Tetra Tech, Inc.
8. Advanced Sciences, Inc.
9. Bechtel Corporation
10. PAI Corporation

Source: FPDC and INPUT

Exhibit 6

Top Department of Energy Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Louisiana	$502,720	11. Pennsylvania	$83,427
2. Virginia	497,113	12. Nevada	72,906
3. Maryland	275,360	13. Idaho	35,160
4. Colorado	197,490	14. New Jersey	29,914
5. New Mexico	147,824	15. Texas	25,263
6. Washington, DC	125,479	16. West Virginia	21,073
7. Tennessee	93,864	17. Ohio	18,047
8. South Carolina	88,975	18. Massachusetts	9,835
9. California	86,575	19. New York	9,714
10. Washington	85,581	20. Illinois	8,640

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

The Department of Energy currently has at least 26 major IT contract vehicles in place. Due to their volume, Exhibit 7 provides a brief overview of only those contracts with known values exceeding $10 million. Currently, the agency has three major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $391 million (excluding a $1.0 billion joint IDIQ with the Department of Defense). INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Department of Energy

Program	Type	Size	Description
1. Advanced Computer System	Hardware/ Software — Unknown	$32M 5 yrs.	Cray Research, Inc. provides hardware and software for a large-scale scientific computer system at the Bettis Atomic Power Laboratory and the Knoll Atomic Power Laboratory. Awarded in September 1992.
2. Los Alamos Integrated Communications System Phase II (LAICS II)	Network Services — Firm Fixed Price	$38M 10 yrs.	US West provides switched and dedicated voice, data and image telecommunications services over common high-speed fiber optic transmission facilities. Operated by the University of California, the Los Alamos National Lab supports leased voice service, secure SACNET programmable terminal and facsimile, high-volume wideband data links for shared supercomputing capability and a user service center network. Awarded in October 1992.
3. Energy Information Administration Facilities Management (EIAFM)	Facilities Management — Cost Plus Award Fee	$20M 5 yrs.	Unisys provides facilities management services for the Energy Information Administration, including engineering, support, operations, maintenance and documentation services. Awarded in May 1993.
4. ADP Support Services	Professional Services — Cost Plus Award Fee	$20M 5 yrs.	NSR Information, Inc. provides ADP support services for the Western Area Power Administration's Salt Lake City, Utah Area Office, Montrose, Colorado District Office and Golden, Colorado headquarters. Awarded in February 1994.
5. ADP and Telecommunications Support Services	Professional Services — Cost Plus Award Fee	$227M 5 yrs.	DynCorp provides for the development of management information and office systems in support of DOE headquarters and other department-wide systems. Multiple ADP functions are also fulfilled under this contract. Awarded in April 1994.

Major Contracts at the Department of Energy (cont.)

Program	Type	Size	Description
6. Analysis of Energy Data Collections	Professional Services — Cost Plus Fixed Fee	$12M 5 yrs.	Walcoff & Associates provides mathematical and statistical analysis of collected energy data, publication production support and information systems design and enhancement for the EIA. Awarded in May 1994.
7. IRM Support Services	Professional Services — Cost Plus Award Fee	$246M 5 yrs.	DynCorp provides IRM support services for DOE's Office of Information Technology Services and Operations, including the development, maintenance and enhancement of information systems (IS), financial management systems (FMS) and automated office support systems (AOSS), among several others. Awarded in March 1995.
8. Automated Data Processing Support Services	Professional Services — IDIQ	$12M 5 yrs.	Pragmatics, Inc. provides automated data processing support services at the Oak Ridge Operations Office, including computer operations, application design and software development, data communication and network support, among others. Awarded in July 1995.
9. IRM Technical Support Services	Professional Services — Cost Plus Fixed Fee	$29M 5 yrs.	SAIC provides on-site IRM technical support services at the Albuquerque Operations Office in Albuquerque, New Mexico. The contractor also provides systems software and installs, tests and maintains computer operating systems software for mainframe computers, LANs and file server systems. Awarded in July 1995.
10. Computer Operations, Facilities and Telecommunications Services (COFATS)	Facilities Management — Cost Plus Award Fee	$43M 5 yrs.	Unisys provides on-site computer operations, facilities and telecommunications support for the Bonneville Power Administration. Support services include help desk and customer assistance, data and voice communications, PC and LAN/WAN installation and maintenance, data center operations, production services and database support. Awarded in September 1995.
11. Accelerated Strategic Computing Initiative (ASCI)	Hardware/ Software — IDIQ	$1.0B 10 yrs.	Under this joint Department of Defense/DOE umbrella initiative, several contractors provide high-performance computing and supercomputing products and services for nuclear computations, modeling and simulations to maintain the safety and performance of the U.S. nuclear stockpile. The program is conducted at the Lawrence Livermore, Sandia and Los Alamos National Laboratories. Awarded from 1995 through 1996.
12. Parallel Processors/ Supercomputers (ASCI - OPTION RED)	Hardware/ Software — Unknown	$45M 4 yrs.	Under the ASCI initiative, Intel Corporation provides for the construction of a parallel processor for DOE at the Sandia National Laboratory. In the first of a series of three awards to date, Intel provides a 1.8 tereflop single massively parallel processor for nuclear simulations and testing in conjunction with DoD. Awarded in 1995.

Major Contracts at the Department of Energy (cont.)

Program	Type	Size	Description
13. Scientific Supercomputers	Hardware/ Software — IDIQ	$29M 8 yrs.	Though DOE will not release incumbent information even under the FOIA, the department has a contract in place to provide scalable scientific supercomputers for the Naval Reactors Program. Awarded in March 1996.
14. ADP Support Services	Professional Services — Time and Materials	$15M 5 yrs.	SAIC provides on-site ADP support services for the Office of Scientific and Technical Information (OSTI) in Oak Ridge, Tennessee. SAIC also provides information systems, software, LAN/WAN and telecommunications support services. Awarded in April 1996.
15. Parallel Processors/ Supercomputers (ASCI)	Hardware/ Software — Unknown	$90M 4 yrs.	Under the ASCI initiative, IBM provides for the construction of a parallel processor for DOE at the Lawrence Livermore National Laboratory. IBM's RS/6000 division is tasked with providing a system capable of simulations accurate enough to replace the physical testing of nuclear warheads. Awarded in July 1996.
16. Federal Information Processing Support Services	Professional Services — Cost Plus Fixed Fee	$19M 5 yrs.	Software Control International, Inc. provides FIP support services for various automated information systems and telecommunications infrastructure computing programs at the Energy Department's Nevada Operations Office in Las Vegas. Awarded in August 1996.
17. Operations and Systems Support Services	Professional Services — Cost Plus Award Fee	$19M 5 yrs.	Z Inc. provides professional and technical support services to the Energy Information Administration in the areas of survey design and implementation, data collection, analysis and systems management. Awarded in September 1996.
18. Parallel Processors/ Supercomputers (ASCI)	Hardware/ Software — Unknown	$111M 4 yrs.	Under the ASCI initiative, Cray Research provides for the construction of a parallel processor for DOE at the Los Alamos National Laboratory. The envisioned 3-teraflop supercomputer, the world's fastest, is intended to simulate underground nuclear testing. The system integrates commercial off-the-shelf components with customized applications from Cray. Awarded in October 1996.
19. Telecommunications Integrator Services (TELIS)	Professional Services — IDIQ	$350M 5 yrs.	EDS provides a product and services catalog for TELIS, an initiative to establish a department-wide outsourcing contract providing major telecommunications integration services for the Department of Energy by FY 1998. Awarded in April 1997.

Source: INPUT

Issues at DOE

1. Information technology priorities and challenges at the Department of Energy were highlighted in a recent *Government Executive* IRM Roundtable discussion with federal CIOs. Energy's CIO Woody Hall noted the following priority projects for the department:

- Information Architecture — finalizing an information architecture guide, a technology standards profile and a vision document for future architecture plans
- Corporate Human Resources Information System — using commercial off-the-shelf (COTS) technologies to improve business processes
- Telecommunications Integrator Services — optimizing use of TELIS contract, intended to accommodate new telecommunications technologies while keeping costs down

Hall indicated that the main challenge faced by the agency is the initiation of significant information management projects under a tightened budget. The key to overcome this challenge, according to the CIO, will be to convince department heads that IT is an investment, rather than an expense.

When asked to identify the hottest technologies at DOE, Hall noted video and multimedia technology. Currently being used in business meetings and work groups to manage field projects, the future focus will be to bring multimedia to the desktop for department-wide distance learning and training programs.

2. The Energy Department awarded its five-year, $350 million Telecommunications Integrator Services (TELIS) contract to EDS on April 11. The initiative is intended to establish a department-wide outsourcing vehicle for telecommunications integration services by FY 1998. TELIS will support telecommunications maintenance and operations, as well as standardize telecommunications services required at more than 50 DOE field sites. The program will also support the General Services Administration's (GSA) FTS 2000 program and the follow-on Post-FTS 2000 contract.

Prior to the TELIS award, Energy relied primarily on GSA's Telecommunications Support Contract (TSC) with Booz-Allen & Hamilton and the Information Exchange (IX) contract held by Contel (now GTE), which have since expired. The move to an in-house telecommunications contract is similar to DOE's decision to pursue an in-house cellular service contract in January of this year, as opposed to continuing service provided by GSA's Federal Wireless Telecommunications Services (FWTS) contract with GTE. Energy claimed it could achieve lower prices than offered under FWTS.

Subs to EDS on the TELIS contract include GTE Customer Networks, Lucent Technologies, Macfadden & Associates and Native American Sales, Inc. EDS' team beat out Booz-Allen & Hamilton and Allied Signal, the other "best qualified" team leaders down-selected in September of 1996.

3. The Department of Energy is making full use of Internet technology and applications to foster technology partnerships and acquisitions with industry. DOE's on-line Business Communications Center (BCC) offers a central repository of information to assist companies and individuals in doing business with the department. More information on the BCC and how to access this site can be found in the On-Line Resources section below.

Technology partnerships are also being promoted electronically to allow industry access to Energy's research and development capabilities for mutual benefit. Potential industry benefits primarily take the form of reduced technical development risks and access to unique facilities and people with skills outside the scope of a company's workforce. Partnerships with the department can take many forms, such as cost-shared procurements and grants, licensing existing technology or using DOE facilities under various cost arrangements. More information on technology transfer opportunities can be found on the Internet at http://www.doe.gov/techtran/t2home.html.

4. To increase efficiency within the department, DOE recently completed its first annual Strategic Management System (SMS) internal performance review. Initiated in response to the Government Performance and Results Act of 1993 (GPRA), SMS seeks to ensure that DOE strategic plans and annual performance plans are aligned with budgets and to assess and report on performance results. While the effort is headed by the Assistant Secretary for Policy and International Affairs, contractors themselves also take an active role in the performance review. Vendors assess the performance of DOE's field activities and offer self-appraisals for their contract award fees. The department recently began the SMS cycle for fiscal year 1999.

5. Despite efforts such as the SMS, the General Accounting Office (GAO) and Congress continue to pressure the Department of Energy to improve its business practices on several fronts. Three recently-released GAO reports, written at the request of Congress, uncovered key weaknesses in DOE's contract management, systems acquisition management and spending levels. The first report, *High-Risk Series: Department of Energy Contract Management* (HR-97-13), focuses on the department's continued use of non-competitively awarded contracts to operate its major facilities, despite implementation of a contract reform initiative at Energy.

Entitled *Department of Energy: Improving Management of Major System Acquisitions* (T-RCED-97-92), this second report discusses DOE's performance in completing its largest and most significant system acquisitions, focusing on factors that continue to hinder the timely, cost-effective completion of the projects and what is being done to improve DOE's performance. GAO notes that since 1980, Energy conducted 80 major system acquisitions, 31 of which were terminated prior to completion (after expenditures of over $10 billion), only 15 have been completed (most behind schedule and with cost-overruns), 3 of these 15 have not been used for their intended purpose and the remaining 34 are still ongoing. Primary factors underlying this poor performance, according to GAO, include:

- Unclear and changing missions
- Incremental funding of projects
- Flawed system of incentives for employees and contractors
- Lack of sufficient DOE personnel with skills to oversee major acquisitions

On April 24, GAO released yet another critical report, *Department of Energy: Funding and Workforce Reduced, But Spending Remains Stable* (RCED-97-96). Congressional funding for the department was reduced by 11% from fiscal year 1994 to fiscal year 1996, while spending only

decreased slightly more than 2% during the same time frame. Similarly, Energy's total federal workforce declined by over 6% and its contractor workforce by approximately 20% from FY 1994 to FY 1996. With employment support levels now stable or declining for all Energy programs, spending on many of them continues to rise.

6. The Department of Energy continues to tap the IT community in its joint effort with the Department of Defense to reduce physical nuclear testing. In 1995, DOE launched its 10-year, $1.0 billion Accelerated Strategic Computing Initiative (ASCI) to create supercomputers powerful enough to simulate and model complex events and provide solutions to mathematical problems that existing supercomputers could not handle, such as underground nuclear testing. The effort is being conducted at three major DOE laboratories — Intel Corporation is building a 1.8-teraflop single massively parallel processor at Energy's Sandia National Laboratory, IBM provides a 3-teraflop RS/6000 Scalable Powerparallel system for Lawrence Livermore National Laboratory and Cray Research is the latest vendor to join the ASCI effort by providing a 3- and eventually 4-teraflop supercomputer for the Los Alamos National Laboratory.

In February of this year, Energy's national labs released a request for expression of interest (REI) to IT vendors for the Pathforward Project, the latest opportunity under ASCI. The REI asks industry to form alliances to define the necessary hardware and software to fully implement the ASCI project.

On-Line Information Resources

The Department of Energy maintains a World Wide Web home page accessible at http://www.doe.gov. This site contains detailed information about DOE offices and their respective programs. Also available are Energy reports and declassified documents, as well as a complete list of DOE press releases and current events. A link established for "What's New" at the department contains information on DOE technology partnership initiatives, contract reform initiatives and procurement models currently in place, among others.

Several sites are available for business opportunities with the Department of Energy. One centralized site which contains links to all other procurement sites within the department is DOE's new Business Communications Center service accessible at http://www.pr.doe.gov/prbus.html. Available information includes listings of business opportunities by program office and field location, contracting points of contact, small business information, as well as reports, regulations, directives and guides on conducting business with DOE. Other useful sites include the Office of Procurement and Assistance Management at http://www.pr.doe.gov/default.htm and the Office of Headquarters Procurement Services at http://www.pr.doe.gov/hr56.html.

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This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Marco de Vries at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

INPUT®

Agency Profile

A Publication from INPUT's Federal IT Market Analysis Program

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National Oceanic and Atmospheric Administration

Purpose

The primary purpose of the National Oceanic and Atmospheric Administration (NOAA) is to explore, map and chart the global ocean and its living resources. It oversees conservation of ocean resources and assesses the consequences of environmental developments over time. NOAA describes, monitors and predicts conditions in the atmosphere, ocean, sun and space environment, and it issues warnings against impending destructive natural events. In addition, the administration provides satellite observations of the environment by operating a national satellite system.

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Organization

The National Oceanic and Atmospheric Administration was formed as an agency within the Department of Commerce on October 3, 1970, by Reorganization Plan No. 4 of 1970 (5 U.S.C. app.).

The agency is headed by the Under Secretary of Commerce for Oceans and Atmosphere, who serves as NOAA Administrator and reports directly to the Secretary of Commerce. Principal and supporting officers to the Under Secretary and Administrator include the Assistant Secretary of Commerce for Oceans and Atmosphere, who serves as NOAA Deputy Administrator, the Deputy Under Secretary of Commerce for Oceans and Atmosphere, Chief Scientist of NOAA, Deputy Assistant Secretaries of Commerce for International

Affairs and Oceans and Atmosphere and the Naval Deputy. Officers have direct oversight of and are responsible for the daily activities of the administration's various staff and program offices. Five Assistant Administrators have oversight of NOAA's operational line offices and report directly to the NOAA Administrator.

The National Oceanic and Atmospheric Administration is headquartered in Washington, DC and is comprised of five operational line offices, each operating numerous field laboratories, three program offices, four major administrative support centers and four primary NOAA Corps operations centers located throughout the U.S. Additional NOAA headquarters offices are located in Silver Spring, Maryland.

NOAA is currently directed by D. James Baker and employs approximately 12,600 people nationwide. This represents a 5% reduction from roughly 13,300 employees at this time last year. Slightly over 29% of the administration's personnel are located in the Washington, DC area.

The organizational structure of the National Oceanic and Atmospheric Administration is presented in Exhibit 1.

Program Activities

Below is a brief description of the operational line and program offices within the National Oceanic and Atmospheric Administration, which offers insight into the major program activities of the agency:

a. National Ocean Service
The National Ocean Service (NOS) is the primary civil agency within the federal government responsible for the well-being and safety of the nation's coastal and oceanic environment. The service provides a wide range of scientific products and services for

Exhibit 1

NOAA Organization

Under Secretary of Commerce for Oceans and Atmosphere and NOAA Administrator

Assistant Secretary of Commerce for Oceans and Atmosphere and NOAA Deputy Administrator

- Chief Scientist
- Naval Deputy
- General Counsel
- Finance and Administration
  — Information Systems Office
- Policy and Strategic Planning
- Public and Constituent Affairs
- Legislative Affairs
- International Affairs
- Sustainable Development and Intergovernmental Affairs
- NOAA Corps Operations
- Systems Acquisition
- Program Coordination

Operational Line Offices:

- National Environmental Satellite, Data and Information Service
- National Marine Fisheries Service
- National Ocean Service
- National Weather Service
- Oceanic and Atmospheric Research

Other Program Offices:

- Coastal Ocean Program
- High Performance Computing and Communications
- Global Programs

Administrative Support Centers:

- Central — Kansas City, MO
- Eastern — Norfolk, VA
- Mountain — Boulder, CO
- Western — Seattle, WA

NOAA Corps Operations Centers:

- Atlantic Marine Center — Norfolk, VA
- Pacific Marine Center — Seattle, WA
- Aircraft Operations Center — MacDill AFB, FL
- Commissioned Personnel Center — Silver Spring, MD

Source: NOAA and Carroll Publishing

the protection of property and the environment, including navigation management, environmental assessment and natural resources management. Major NOS regional offices include:

- Headquarters — Silver Spring, MD
- Pacific Office — Seattle, WA
- Marine Sanctuaries and Reserves — Silver Spring, MD
- NOAA Coastal Services Center — Charleston, SC

b. National Weather Service
The mission of the National Weather Service (NWS) is to protect life and property from natural disasters by issuing warnings and forecasts for hurricanes, tornadoes, floods, winter and summer storms and all manner of severe or extreme weather. NWS also provides meteorological, hydrological and oceanographic data to mitigate property losses and improve the economic efficiency of the nation. Major regional offices include:

- Headquarters — Silver Spring, MD
- Alaska Region — Anchorage, AK
- Central Region — Kansas City, MO
- Eastern Region — Bohemia, NY
- Pacific Region — Honolulu, HI
- Southern Region — Fort Worth, TX
- Western Region — Salt Lake City, UT
- National Center for Environmental Protection — Camp Springs, MD

c. National Marine Fisheries Service
The National Marine Fisheries Service (NMFS) administers NOAA's programs which support the domestic and international conservation and management of living marine resources. NMFS provides services and products to support fisheries management operations, fisheries development, trade and industry assistance activities, enforcement, protected species and habitat conservation operations, as well as the scientific and technical aspects of NOAA's marine fisheries program. Major NMFS regional offices include:

- Headquarters — Silver Spring, MD
- Alaska Region — Juneau, AK
- Northwest Region — Seattle, WA
- Northeast Region — Gloucester, MA
- Southeast Region — St. Petersburg, FL
- Southwest Region — Long Beach, CA

d. Oceanic and Atmospheric Research
The Office of Oceanic and Atmospheric Research (OAR) is the primary research and development unit of the National Oceanic and Atmospheric Administration. OAR provides for the development of understanding and approaches to improve NOAA services, environmental systems and the use of oceanic resources. Major regional offices and laboratories include:

- Headquarters — Silver Spring, MD
- Forecast Systems Lab — Boulder, CO
- Space Environmental Lab — Boulder, CO
- Aeronomy Lab — Boulder, CO
- Environmental Technology Lab — Boulder, CO
- Climate Monitoring and Diagnostics Lab — Boulder, CO
- Climate Diagnostics Center Lab — Boulder, CO
- Air Resources Labs — Silver Spring, MD
- Atlantic Oceanographic and Meteorological Labs — Miami, FL
- Great Lakes Environmental Research Lab — Ann Arbor, MI
- Pacific Marine Environmental Lab — Seattle, WA
- Geophysical Fluid Dynamics Lab — Princeton, NJ
- National Severe Storms Lab — Norman, OK

e. National Environmental Satellite, Data and Information Service
The National Environmental Satellite, Data and Information Service (NESDIS) provides global environmental data and information products and services to users in commerce, industry, agriculture, science and engineering, the public, as well as regional governments through various satellite operations. Key program activities for NESDIS include oceanic research and applications development, information systems development, environmental information services and satellite data processing and distribution. Major NESDIS regional offices include:

- Headquarters — Suitland, MD
- National Climatic Data Center — Asheville, NC
- National Geophysical Data Center — Boulder, CO
- National Oceanographic Data Center — Silver Spring, MD

f. Coastal Ocean Program
NOAA's Coastal Ocean Program (COP) provides scientific information to allow effective management of our nation's coastal resources. COP targets critical issues in the nation's estuaries, coastal waters and Great Lakes and translates its findings into accessible information for coastal managers, planners, lawmakers and the public. Its aim is to create improvements in environmental decisions affecting the coastal ocean and its resources.

g. High Performance Computing and Communications
The Office of High Performance Computing and Communications (HPCC) is responsible for agency-wide management, coordination and integration of the administration's high performance computing and communications activities, in addition to other assigned programs that are interagency and/or international in scope. It also provides the primary agency focus for NOAA-wide policy on the National Information Infrastructure (NII) initiative.

h. Global Programs
The Office of Global Programs serves as coordinator for NOAA's scientific research efforts aimed at understanding climate and its predictability. The office's main initiative, the Climate and Global Change Program, is comprised of 11 research elements, which focus on specific aspects of climate variability and jointly contribute to improved predictions and assessments of climate variability over a continuum of time scales.

Program Budget

Total federal funding for the National Oceanic and Atmospheric Administration is expected to grow only minimally, from slightly less than $2.0 billion in FY 1996 to just over $2.0 billion in FY 2002 — representing a low compound annual growth rate (CAGR) of 0.4%. In FY 1996, NOAA accounted for 52% of Commerce's total federal program budget, which is expected to drop to 49% in FY 2002. The program budget for the National Oceanic and Atmospheric Administration is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

As shown in Exhibit 2, the administration is primarily funded through its Operations, Research and Facilities (ORF) account. The distribution of NOAA's ORF funding among its operational line offices for fiscal years 1996 through 1998 is presented in Exhibit 3.

ORF funding for all program offices is expected to decline over the next few years, with the exception of the National Ocean Service. This is largely attributable, however, to the shift in funds from ORF to the Capital Assets Acquisition account established for FY 1998 (see Exhibit 2). The "other" component

in the distribution includes funds for fleet maintenance, planning, modernization and miscellaneous program support, as well as shipbuilding and aircraft modernization.

Figures represent direct program obligations and do not account for reimbursable funds, trust funds or offsetting collections from other federal sources.

Exhibit 2

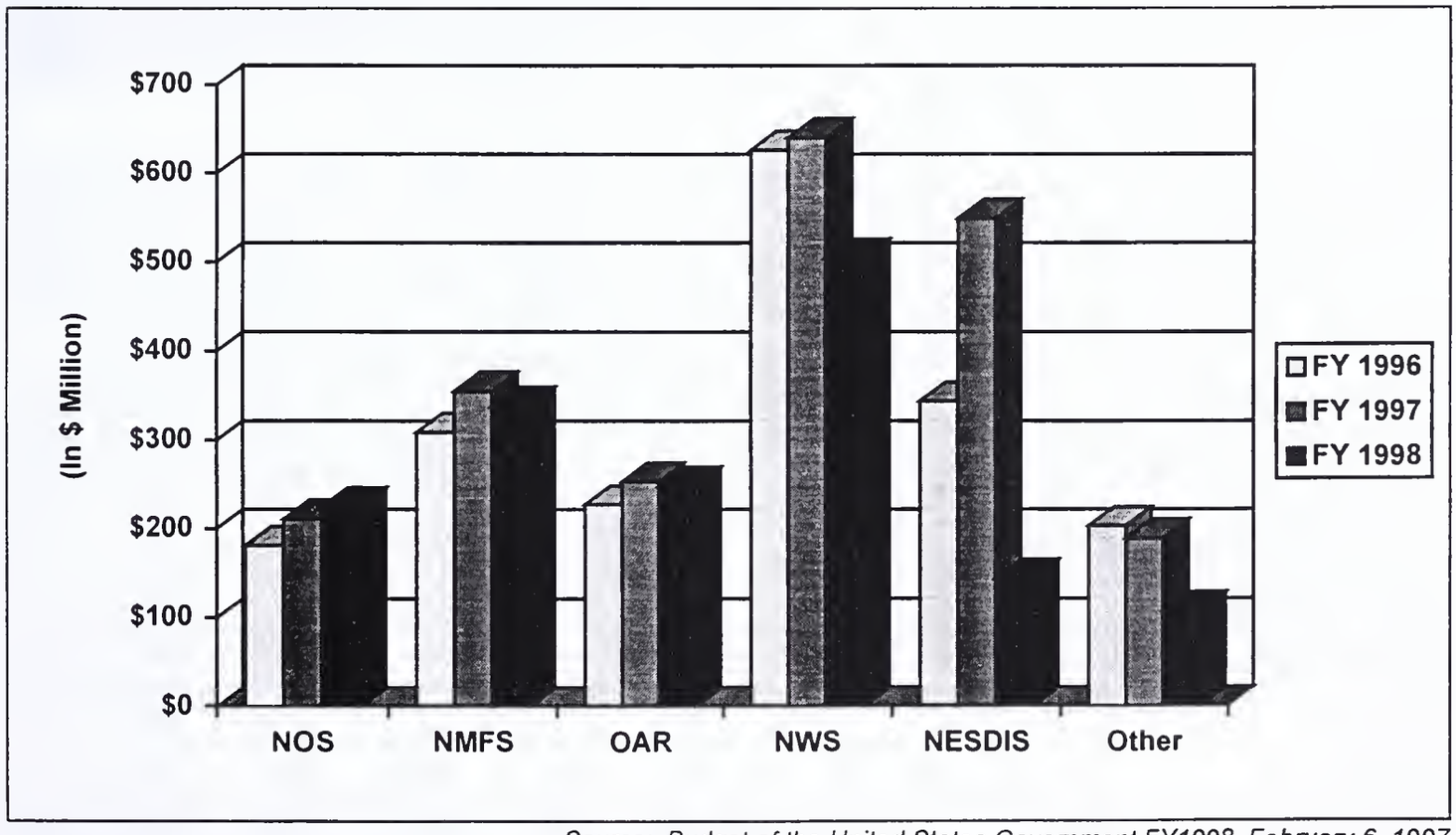
Program Budget of the National Oceanic and Atmospheric Administration

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Operations, Research and Facilities	$1,926	$1,969	$1,541	$1,524	$1,570	$1,578	$1,625
Capital Assets Acquisition	NA	NA	503	724	551	480	375
American Fisheries	10	NA	4	4	4	4	4
Fishermen's Contingency Funds	NA	1	1	1	1	1	1
Damage Assessment and Restoration	-3	-2	-2	-2	-2	-2	-2
Coastal Zone Management	2	4	3	NA	NA	NA	NA
Total Federal Funds	**1,957**	**1,972**	**2,050**	**2,251**	**2,124**	**2,061**	**2,003**

Source: Budget of the United States Government FY1998, February 6, 1997

Exhibit 3

NOAA Operations, Research and Facilities Program Budget Distribution



Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Despite a stagnant program budget, NOAA's total information technology (IT) spending will likely experience strong growth from FY 1996 to FY 2001. From an actual $305 million in obligations in FY 1996 to an estimated $553 million in FY 2001, INPUT anticipates a healthy 13% CAGR for the agency's overall IT spending. Continued staff reductions and new high-tech mission initiatives will drive this market.

Notable growth is expected in the purchase and lease of computer equipment, at a 25% CAGR, and in the contracting of support services, at an 11% CAGR. Collectively, these two categories comprise 80% of the addressable IT budget at NOAA (all funds less supplies and personnel). Also of note is the strong growth in the contracted portion of the total IT budget, which is expected to rise from $240 million in FY 1996, or 79% of the total, to $489 million in FY 2001, or 88% of the total IT budget — a growing share of a growing budget.

In FY 1996, NOAA accounted for 46% of Commerce's total information technology resources, which is anticipated to increase steadily in the outyears. The information technology budget of the National Oceanic and Atmospheric Administration is provided in Exhibit 4. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 4

Information Technology Budget of the National Oceanic and Atmospheric Administration

Category	Spending in Obligations by FY in $ Millions						CAGR 1996-2001
	1996	1997	1998	1999	2000	2001	
Equipment:							
Capital Purchases	$69	$154	$182	$191	$203	$217	26%
Other Purchases and Leases	8	11	13	14	14	15	13%
Total Equipment	**77**	**165**	**195**	**205**	**217**	**232**	**25%**
Software:							
Capital Purchases	11	10	11	12	13	14	4%
Other Purchases and Leases	4	4	5	5	5	6	9%
Total Software	**15**	**14**	**16**	**17**	**18**	**20**	**6%**
Services (Processing and Telecom.)	**33**	**35**	**35**	**37**	**39**	**42**	**5%**
Support Services	**114**	**132**	**146**	**159**	**175**	**194**	**11%**
Contracted Out Portion of IT Budget	**240**	**347**	**392**	**418**	**450**	**489**	**15%**
Supplies	**6**	**6**	**7**	**7**	**7**	**8**	**6%**
Personnel	**59**	**68**	**72**	**68**	**62**	**56**	**-1%**
Total IT Budget	**305**	**421**	**471**	**493**	**519**	**553**	**13%**

Source: National Oceanic and Atmospheric Administration and INPUT

IT Contract Opportunities

The major National Oceanic and Atmospheric Administration acquisitions summarized below are currently active:

a. National Centers for Environmental Prediction - Supercomputer
Type: TBD
NOAA intends to acquire general purpose computer equipment and services to provide high speed, large capacity computing, data storage and networking supporting numerical weather prediction at its National Centers for Environmental Prediction in Suitland, Maryland.

b. Services to Support NOAA's National Climatic Data Center
Type: TBD
The National Climatic Data Center has a continuing need for computer support and facilities management. The contractor will provide computer operations, maintenance, programming, archival, mail microfiche and user services.

c. Supercomputer Class VIII (SC VIII)
Type: Firm Fixed Price, IDIQ
The National Oceanic and Atmospheric Administration intends to recompete the Large Scale Scientific Computing System contract currently held by Cray Research. The system will include one or more large-scale computers which may employ different hardware architectures and software.

NOAA Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the National Oceanic and Atmospheric Administration to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

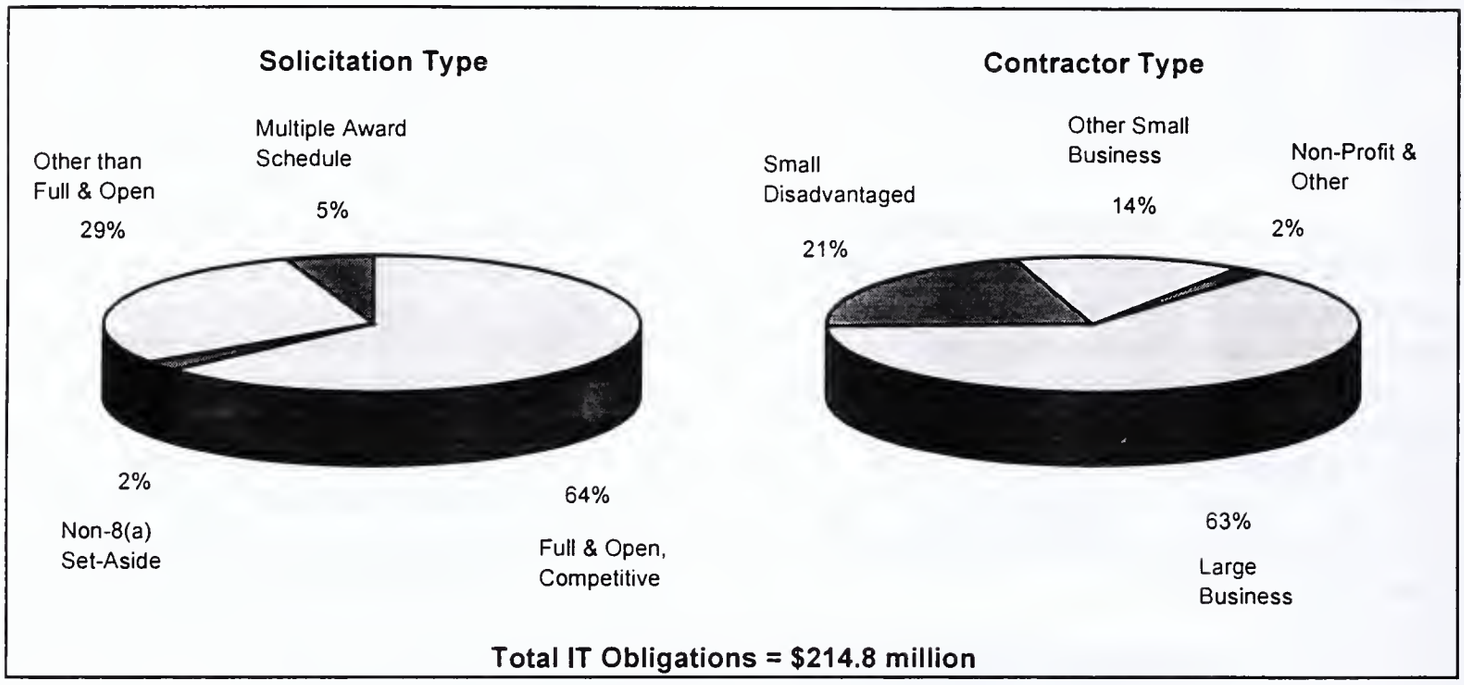
"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit and educational organizations, in addition to state and local governments comprise the "non-profit and other" contractor component.

Top Contractors and Obligations by State

A list of the top IT contractors with the National Oceanic and Atmospheric Administration is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 71% of NOAA's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Acquisition Profile for the National Oceanic and Atmospheric Administration
FY 1996



Source: FPDC and INPUT

Exhibit 6

Top Contractors at NOAA
FY 1996

1. Cray Research, Inc.
2. Litton/PRC
3. Integral Systems, Inc.
4. Research and Data Systems Corporation
5. Hughes Corporation
6. Computer Sciences Corporation
7. General Electric Company
8. Sylvest Management Systems
9. General Sciences Corporation
10. System Technology Associates

Source: FPDC and INPUT

Major Contracts

Exhibit 8 provides a brief overview of the major active IT contracts at the National Oceanic and Atmospheric Administration. Currently, the agency has at least six indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $93 million. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Top National Oceanic and Atmospheric Administration Obligations by State

FY 1996

State	IT Obligations	State	IT Obligations
1. Maryland	$102,564	11. South Carolina	$2,610
2. Virginia	48,808	12. Texas	1,653
3. Minnesota	16,401	13. Washington, DC	1,651
4. Mississippi	6,585	14. North Carolina	1,529
5. Colorado	6,118	15. Alabama	1,418
6. Alaska	5,198	16. Washington	1,065
7. California	4,976	17. Arkansas	816
8. New Mexico	3,207	18. Florida	526
9. New York	3,172	19. Oregon	467
10. Oklahoma	2,639	20. Massachusetts	384

All figures in $ Thousands *Source: FPDC and INPUT*

Exhibit 8

Major Contracts at the National Oceanic and Atmospheric Administration

Program	Type	Size	Description
1. Fleet Replacement and Modernization (FRAM)	Hardware/ Software — Various	$1.5B 15 yrs.	Various contractors provide data acquisition and scientific computing systems under NOAA's umbrella program to replace and modernize its research fleet of more than 20 vessels. Awarded from 1992 to 1994.
2. National Marine Fisheries Service IT Upgrade (IT-95)	Hardware/ Software — IDIQ	$13M 6 yrs.	CDSI provides NOAA's National Marine Fisheries Service with mid-range computers, software and telecommunications equipment to implement a nationwide network for scientific and general data processing requirements. Awarded in May 1993.
3. Engineering and Technical Support Services for Fleet Replacement and Modernization Office	Professional Services — Firm Fixed Price	$3M 5 yrs.	Resource Consultants, Inc. provides engineering and technical support services for NOAA's Fleet Replacement and Modernization Office, including management services, systems design and logistics support engineering. Awarded in November 1993.

Major Contracts at the National Oceanic and Atmospheric Administration (cont.)

Program	Type	Size	Description
4. Next Generation Weather Radar Program Support (NEXRAD)	Professional Services — IDIQ	$5M 4 yrs.	Titan Systems designs, develops and demonstrates Operational Test Program Sets (OTPS) to upgrade NOAA's existing weather systems. Awarded in April 1994.
5. Front End Processor System	Hardware/ Software — Unknown	$3M 5 yrs.	CTA provides the National Environmental Satellite, Data and Information Service (NESDIS) with a front end processor system to capture weather data from a variety of environmental systems deployed by NOAA. Awarded in August 1994.
6. World Area System Forecast	Hardware/ Software — IDIQ	$12M 7 yrs.	MCI provides the National Weather Service with hardware and software to create a point to multi-point satellite service capable of supplying meteorological data to aviation users worldwide. Awarded in September 1994.
7. Large Scale Scientific Computing System (LSSCS)	Hardware/ Software — IDIQ	$42M 5 yrs.	Cray Research provides a scientific computing system to perform scalable computing, data archiving, data analysis and scientific graphing for NOAA's Geophysical Fluid Dynamics Laboratory. Awarded in May 1995.
8. Satellite Engineering and Navigation Support Services	Professional Services — Cost Reimbursmt.	$5M 5 yrs.	Lockheed Martin provides engineering services in support of systems analysis, ground systems design, navigation operations and database management for the National Environmental Satellite, Data and Information Service. Awarded in May 1995.
9. Development, Maintenance and Operation for the U.S. SARSAT Mission Control Center (SARSAT)	Professional Services — Unknown	$6M 5 yrs.	SAIC provides software development, operation and maintenance services for the U.S. Search and Rescue Satellite Aided Tracking (SARSAT) Mission Control Center in Suitland, Maryland. Awarded in June 1995.
10. ADP Support Services in Support of Marine Mammal Protection Act Activities	Professional Services — IDIQ	$1M 2 yrs.	ICF Information Technology provides software support services for NOAA's National Marine Fisheries Service to aid in the administration of provisions under the Marine Mammal Protection Act (MMPA). Awarded in September 1995.
11. AWIPS Acquisition Office Support (AAO/SEASS)	Professional Services — Cost Plus Award Fee	$4M 5 yrs.	Hughes STX provides systems engineering and acquisition support services (SEASS) for the National Weather Service's Advanced Weather Interactive Processing System (AWIPS) Acquisition Office (AAO). Awarded in June 1996.

Major Contracts at the National Oceanic and Atmospheric Administration (cont.)

Program	Type	Size	Description
12. Scientific Workstation Contract II (SCIWOC II)	Hardware/ Software — IDIQ	$20M 3 yrs.	Sylvest Management Systems, Data Procurement Corp. and McBride & Associates provide NOAA with scientific workstations and networking products and services. This program supplements NOAA's use of the NASA SEWP II interagency workstation contract. Pulsar Data Systems was denied a contract by the Small Business Administration after also being selected by NOAA for SCIWOC II. Awarded in June 1996.
13. Central Satellite Data Processing	Hardware/ Software — Cost Plus Award Fee	$5M 5 yrs.	CSC provides application software development and maintenance support for the operational environmental satellite data processing activities of the Central Environmental Satellite Computer Systems (CEMSCS) Information Processing Division. Awarded in September 1996.
14. AWIPS Application Support	Hardware/ Software — Cost Plus Fixed Fee	$9M 5 yrs.	General Sciences Corp. fulfills NOAA's requirements for continued computer software development and application support services for the Advanced Weather Interactive Processing System. The contractor also provides services to prepare hydro-meteorological specifications supporting all aspects of NOAA forecast operations. Awarded in March 1997.

Source: INPUT

Issues at NOAA

1. The General Accounting Office (GAO) continues to scrutinize the National Weather Service's system modernization efforts, citing major risks involved in several individual projects. In an attempt to improve its forecasting and warning activities with a smaller, downsized operation, NWS has been acquiring new observing systems, including radar, satellites, ground-based sensors and forecaster workstations. The modernization effort is focused on four major system development initiatives — the Advanced Weather Interactive Processing System (AWIPS), Next Generation Geostationary Operational Environmental Satellite (GOES), Next Generation Weather Radar (NEXRAD) and the Automated Surface Observing System (ASOS).

GAO credits the National Weather Service with improving its data generation and weather forecasts and warnings, though it also cites the significant cost increases and schedule delays in each of the four programs mentioned above. According to GAO testimony before Congress, some of these delays can be attributed to changes in system requirements, but most are caused by poor program management and development problems on the part of NWS. Four GAO reports released this year alone highlight the many risks and problems associated with the modernization initiative:

- *High-Risk Series: Information Management and Technology* (HR-97-9) released on February 1, 1997
- *National Oceanic and Atmospheric Administration: Weather Service Modernization and NOAA Corps Issues* (T-AIMD/GGD-97-63) released on March 13, 1997
- *Weather Satellites: Planning for the Geostationary Operational Environmental Satellite Program Needs More Attention* (AIMD-97-37) released on March 13, 1997
- *Weather Service Modernization: Risks Remain That Full Systems Potential Will Not be Achieved* (T-AIMD-97-85) released on April 24, 1997

2. The National Oceanic and Atmospheric Administration has installed a central backbone with a gateway hub to handle agency-wide messaging conversion. The standardized system allows employees to e-mail each other from what previously constituted seven disparate and incompatible messaging systems within the administration. NOAA opted for the central backbone to keep existing messaging applications and to minimize training requirements. The agency now utilizes Bell Atlantic's Fiber Distributed Data Interface (FDDI) network, which will handle between 18,000 and 22,000 e-mail messages within NOAA per day.

3. NOAA has released its five-year agency strategic plan. The plan contains three major mission components — environmental assessment and prediction, environmental stewardship and national capabilities and supporting infrastructure. NOAA's environmental assessment and prediction vision for the year 2005 is to integrate environmental observation, assessment and forecast services that enhance public safety. NOAA also envisions improvements to U.S. oceans and ecosystems as its second mission component. Third, NOAA asserts that the successful execution of the aforementioned goals depends on strong investments and continued improvements in observing systems, environmental data and information services, research efforts and supporting infrastructure. The strategic plan is available on the World Wide Web at http://www.noaa.gov/str-plan/toc.htm.

4. NOAA is cosponsoring *The Conference on Scientific and Technical Data Exchange and Integration* to explore the exchange of scientific and technical data among different computing environments and across diverse scientific and engineering disciplines. The goal of the joint government–industry program is to identify and try to overcome problems that hinder full exploitation of computer-based modeling, the Internet, scientific databases and new computer technology.

The conference, scheduled for December 15 to 17, 1997 in Bethesda, Maryland, will be conducted in conjunction with the Department of Energy, the National Aeronautics and Space Administration, National Institutes of Health, National Institute of Standards and Technology and the National Science Foundation. For more information, contact John Rumble, Conference Program Chair, at (301) 975-2200 or by e-mail at john.rumble@nist.gov.

On-Line Information Resources

The National Oceanic and Atmospheric Administration maintains a World Wide Web home page accessible at http://www.noaa.gov. This site contains extensive public relations information and documents, such as NOAA's strategic plan, diversity plan, press releases and organizational and program resources.

For business opportunities at the administration, NOAA's Office of Systems Acquisition offers an on-line information repository at http://www.sao.noaa.gov/procure.html. Solicitation and award notices are regularly posted here, as well as related acquisition sites. For program acquisitions specific to NOAA operational line offices, a fair amount of searching is required at their respective home pages, though NOAA's home page does offer links to these sites.

For NOAA and Department of Commerce computing environment information, the Office of High Performance Computing and Communications has an Internet home page at http://www.hpcc.noaa.gov/hpcc.html. Items of interest posted at this site include NOAA's contributions to the *Interagency High Performance Computing and Communications Blue Book*, a technical supplement to the President's FY 1996 budget.

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Agency Profile

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Department of State

Purpose

The Department of State (DOS) is the senior executive department of the federal government and advises the President in the formulation and execution of foreign policy. The Department of State's primary objective in the conduct of foreign relations is to promote the long-range security and well-being of the United States. The department determines and analyzes the facts relating to American overseas interests, makes recommendations on policy and future action, and it takes the necessary steps to carry out established policy.

Table of Contents

Organization

The Department of State was established by Act of July 27, 1789 as the Department of Foreign Affairs and was renamed Department of State by Act of September 15, 1789 (22 U.S.C. 2651).

The Department of State is headed by the Secretary of State, the principal foreign policy advisor to the President. The Secretary of State is the first-ranking member of the Cabinet, is a member of the National Security Council and is in charge of all operations of the department, including the Foreign Service. The Secretary is aided by a Deputy Secretary, five Under Secretaries and 19 Assistant Secretaries. The Chief of Staff and Executive Secretary closely support the Secretary and Deputy Secretary. Several specialized offices and bureaus — headed by top aides and key advisors to the Secretary — help the department focus on certain critical foreign policy areas and on important management issues.

The department's Under Secretaries act as the "corporate board" of key advisors to the Secretary. They oversee the activities of most of the department's bureaus and offices, which are organized under them to support their policy planning, coordination and implementation activities. The Under Secretaries are those for Political Affairs; Economic, Business and Agricultural Affairs; Arms Control and International Security Affairs; Management; and Global Affairs.

The Department of State carries out its mission through overseas posts, six regional bureaus, its Washington, DC headquarters and other offices throughout the U.S. Its employees in the U.S. and abroad include political appointees as well as career Civil Service and Foreign Service personnel.

The State Department is currently directed by Secretary Madeleine K. Albright and employed approximately 24,000 people as of March 1997. Despite initiatives to consolidate the department's domestic and overseas presence, this employment figure has not significantly changed from its March 1996 level of 24,600 people. Approximately 30% of State's current employees are located in the Washington, DC area.

The organizational structure of the Department of State is presented in Exhibit 1.

Program Activities

Below are the primary functional areas within the Department of State:

a. Diplomatic Security
The Bureau of Diplomatic Security, established under the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986, strives to provide a secure environment for conducting American diplomacy and promoting American interests worldwide. The Assistant Secretary of State for Diplomatic Security is responsible for security and protective operations abroad and in the

Exhibit 1

Department of State Organization

Secretary of State

Deputy Secretary

Secretariat:

- Under Secretary for Political Affairs
  - — Regional Bureaus
  - — International Organization Affairs
- Under Secretary for Economic, Business and Agricultural Affairs
  - — Economic and Business Affairs
- Under Secretary for Arms Control and International Security Affairs
  - — Political-Military Affairs
- Under Secretary for Management
  - — Office of Foreign Missions
  - — Foreign Service Institute
  - — Administration
  - — Consular Affairs
  - — Diplomatic Security
  - — Finance and Management Policy
  - — Director General of the Foreign Service and Director of Personnel
- Under Secretary for Global Affairs
  - — Democracy, Human Rights and Labor
  - — International Narcotics and Law Enforcement Affairs
  - — Oceans and International Environmental and Scientific Affairs
  - — Population, Refugees and Migration
- Chief of Staff
- Executive Secretary
- Protocol
- Policy Planning Council
- Coordinator for Counter-Terrorism
- Equal Employment Opportunity and Civil Rights
- Legal Advisor
- Intelligence and Research
- Inspector General
- Public Affairs
- Legislative Affairs

continued on next page

Department of State Organization (cont.)

Regional Bureaus:

- Bureau of African Affairs
- Bureau of European and Canadian Affairs
- Bureau of East Asian and Pacific Affairs
- Bureau of Inter-American Affairs
- Bureau of Near Eastern Affairs
- Bureau of South Asian Affairs

Affiliated Foreign Affairs Organizations:

- Agency for International Development
- United States Information Agency
- Arms Control and Disarmament Agency
- United States Permanent Representative to the United Nations

Source: U.S. Government Manual 1996/1997

United States, counter-terrorism planning and coordination, security technology development, foreign government security training and personnel training.

b. Economic and Business Affairs
The Bureau of Economic and Business Affairs has overall responsibility for formulating and implementing policy regarding foreign economic matters, including resource and food policy, international energy issues, trade, economic sanctions, international finance and development, as well as aviation and maritime affairs.

c. Finance and Management Policy
The Bureau of Finance and Management Policy is directed by the Chief Financial Officer (CFO), who serves as the department's Budget Officer and Management Control Officer. The CFO, assisted by a host of financial management personnel, establishes management policies and internal controls, ensures the presence of adequate systems to produce financial and related programmatic information, develops financial analysis and performance reports and integrates budget execution and accounting functions.

d. Foreign Service Institute
The Foreign Service Institute of the Department of State is the federal government's primary training institution for officers and support-personnel of the foreign affairs community. In addition to the Department of State, the institute provides training for more than 40 other governmental agencies. The institute's more than 300 courses are designed to promote successful performance in each professional assignment, to ease the adjustment to other countries and cultures and to enhance the leadership and management capabilities of the foreign affairs community.

e. Intelligence and Research
The Bureau of Intelligence and Research coordinates programs of intelligence, analysis and research for the Department of State and other federal agencies. Furthermore, the bureau produces intelligence studies and current intelligence analyses essential to foreign policy determination and execution. Through its Office of Research, the bureau maintains liaison with cultural and educational institutions and oversees contract research and conferences on foreign affairs subjects.

f. International Communications and Information Policy
The Bureau of International Communications and Information Policy is the principal advisor to the Secretary of State on international telecommunications policy issues affecting U.S. foreign policy and national security. The bureau acts as coordinator with other U.S. government agencies and the private sector in the formulation and implementation of international policies that relate to a wide range of communications and information technologies.

g. International Narcotics and Law Enforcement Affairs
The Bureau of International Narcotics and Law Enforcement Affairs is responsible for developing, coordinating and implementing international narcotics control assistance as authorized under sections 481 and 482 of the Foreign Assistance Act of 1961. It is the principal point of contact and provides advice on international narcotics control matters for the Office of Management and Budget, the National Security Council and the White House Office of National Drug Control Policy.

h. International Organization Affairs
The Bureau of International Organization Affairs provides guidance and support for United States participation in international organizations and conferences. The bureau formulates and implements United States policy toward international organizations, with particular emphasis on those organizations which make up the United Nations system.

i. Legal Advisor
The Legal Advisor is the principal advisor to the Secretary of State and, through the Secretary, to the President on all matters of international law arising in the conduct of United States foreign relations. The Legal Advisor also provides general legal advice and services to the Secretary and other officials of the department on matters with which the department and overseas posts are concerned.

j. Medical Services
The Office of Medical Services develops, manages and staffs a worldwide primary health care system for U.S. citizen employees and their eligible dependents residing abroad. Agencies which participate in this medical program include the Department of State, the U.S. Information Agency, the Agency for International Development and over 48 other foreign affairs agencies and offices.

k. Consular Affairs
The Bureau of Consular Affairs, under the direction of the Assistant Secretary, is responsible for the administration and enforcement of the provisions of the immigration and nationality laws, insofar as they concern the department and the Foreign Service, for the issuance of passports and visas and related services and for the protection and welfare of American citizens and interests abroad. Approximately five million passports are issued annually by the Passport Office of the bureau. which has offices in Boston, Chicago, Honolulu, Houston, Los Angeles, Miami, New Orleans, New York, Philadelphia, San Francisco, Seattle, Stamford and Washington, DC.

l. Political-Military Affairs
The Bureau of Political-Military Affairs provides guidance and coordinates policy formulation on national security issues, including nonproliferation of weapons of mass destruction and missile technology, nuclear and conventional arms control, defense relations and security assistance and export controls. It acts as the department's primary liaison with the Department of Defense. The bureau also participates in all major arms control, nonproliferation and other security-related negotiations.

m. Protocol
The Chief of Protocol is the principal advisor to the U.S. government, the President, the Vice President and the Secretary of State on matters of diplomatic procedure governed by law or international custom and practice. The office is responsible for visits of foreign chiefs of state, heads of government and other high officials to the United States; delegations representing the President at official ceremonies abroad; accreditation of over 100,000 foreign government personnel and members of their families throughout the United States; and determining entitlement to diplomatic or consular immunity.

n. Foreign Service

The United States Foreign Service is the principal means through which the nation establishes and develops relationships with other countries. Presently, representatives at 164 embassies, 12 missions, 1 U.S. liaison office, 1 U.S. interests section, 66 consulates general, 14 consulates, 3 branch offices and 45 consular agencies throughout the world report to the State Department on the multitude of foreign developments that have a bearing on the welfare and security of the American people. These representatives provide the President and the Secretary of State with much of the raw material from which foreign policy is made.

Ambassadors are the personal representatives of the President and report to the President through the Secretary of State. Ambassadors have full responsibility for implementing U.S. foreign policy by any and all U.S. government personnel within their country of assignment, except those under military commands.

Program Budget

With only minor exceptions, federal funding for the Department of State is expected to remain relatively constant over the next five years, from $5.0 billion in FY 1997 to $5.3 billion in FY 2002. The department's two principal accounts reflect the overall stagnant budget, with Diplomatic and Consular Programs funds expected to witness a minimal 2% compound annual growth rate (CAGR) from FY 1997 to FY 2002 and International Organizations and Conferences funds a -1% CAGR. The only significant exception in State's program budget is federal funding for International Narcotics Control activities, expected to increase at a CAGR of 11%.

The program budget for the Department of State is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Department of State

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Anti-Terrorism Assistance	$16	NA	$19	$19	$19	$19	$19
Diplomatic and Consular Programs	1,713	1,725	1,887	1,887	1,887	1,887	1,887
Emergency Refugee Assistance Fund	50	50	50	51	53	54	55
Foreign Affairs Salaries and Expenses	368	352	364	364	364	364	364
Foreign Service Retirement and Disability Fund	245	249	256	263	268	272	277
International Commissions	40	41	45	45	45	45	45
International Narcotics Control	135	213	230	236	242	248	255
International Organizations and Conferences	1,254	1,244	1,314	2,066	1,145	1,170	1,170
Migration and Refugee Assistance	671	650	650	667	684	702	720
Office of the Inspector General	27	27	28	28	28	28	28
Security and Maintenance of Missions	321	389	373	373	373	373	373
Total Program Budget	**4,896**	**5,007**	**5,323**	**6,104**	**5,210**	**5,262**	**5,292**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at the Department of State is projected to increase from $348 million in FY 1997 to $437 million in FY 2002 at a CAGR of 5% — 1% lower than the average for federal civilian agencies. This moderate growth will be primarily driven by the strong anticipated markets for capital purchases of equipment (12% CAGR) and processing and telecommunications services (8% CAGR). Collectively, these components represent 82% of the addressable portion of State's IT budget (all funds less supplies and personnel). The department's total addressable budget is expected to increase steadily from $213 million in FY 1997 to $335 million in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of the State Department is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Department of State

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$65	$89	$93	$99	$106	$114	12%
Other Purchases and Leases	0	0	0	0	0	0	NA
Total Equipment	**65**	**89**	**93**	**99**	**106**	**114**	**12%**
Software:							
Capital Purchases	6	7	7	8	9	10	10%
Other Purchases and Leases	0	0	0	0	0	0	NA
Total Software	**6**	**7**	**7**	**8**	**9**	**10**	**10%**
Services (Processing and Telecom.)	**109**	**123**	**129**	**137**	**146**	**158**	**8%**
Support Services	**33**	**35**	**38**	**42**	**47**	**52**	**10%**
Contracted Out Portion of IT Budget	**213**	**254**	**268**	**286**	**308**	**335**	**9%**
Supplies	**11**	**11**	**12**	**12**	**13**	**14**	**5%**
Personnel	**124**	**129**	**121**	**112**	**100**	**88**	**-7%**
Total IT Budget	**348**	**394**	**401**	**410**	**421**	**437**	**5%**

Source: Department of State and INPUT

IT Contract Opportunities

The major Department of State acquisitions summarized below are currently active:

a. Administrative Support Services
Type: Time and Materials
The Department of State has a requirement for administrative support services, including analysis and entry of data at various locations throughout the Washington, DC metropolitan area and in Warrenton, VA.

b. Consolidated Telecommunications Services for Domestic Installations (CTS)
Type: TBD
The Department of State is expected to recompete a requirement for operations and maintenance of its domestic telecommunications network. The network currently provides switched voice and data communications services to DOS facilities and annexes in the Washington, DC and New York City metropolitan areas.

c. Consular Lookout Support Systems Operational Support Services (CLASS)
Type: Labor Hour
State's Consular Affairs Technical Support Office intends to acquire continued operational support services for the Consular Lookout Support Systems (CLASS). CLASS is a "lookout" system to which all applicants for passports or visas are checked against prior to the issuance, or refusal, of documents.

d. Digital Passport Printers
Type: IDIQ
The Department of State intends to acquire digital passport printers, associated printer and passport document consumables and associated maintenance support for use in its 15 passport agencies. This opportunity is intended to replace State's current multistep process of mounting and laminating photographs in passports.

e. Information Systems Security Services
Type: Time and Materials
This opportunity will provide security evaluation and certification of State's automated information systems. These services will be performed at various locations in the Washington metropolitan area, primarily at the department's annexes in Dunn Loring, VA and Washington, DC and occasionally at overseas locations.

f. Office Automation Recompetition (SOAR)
Type: TBD
The department has a continued requirement for an integrated family of information systems to provide word and image processing, electronic messaging, database management and graphics capabilities. This requirement is currently fulfilled by Wang.

g. Passport Application Processing Services
Type: Cost Plus Fixed Fee
The Department of State's Bureau of Consular Affairs intends to acquire services to operate the National Passport Center (NPC) in Portsmouth, NH.

h. Professional, Administrative and Management Support Services
Type: Labor Hour
The department has a requirement for information management support services, including communications maintenance, operations and engineering, logistical, operations and inventory management, information technology security, information technology resources and related support.

i. Professional, Administrative and Training Support
Type: IDIQ
Currently provided by Software Technologies, State has an ongoing requirement for professional, administrative and training support services, including contract administration and procurement, technical writing, logistics and warehousing, personnel/physical/information and facilities security, security systems engineering, audio-visual services and related administrative functions.

j. State Message System (SMS)
Type: TBD
The State Department may have a future requirement for the design and implementation of a worldwide secure messaging system. The State Message System will parallel the Department of Defense's Defense Messaging System (DMS).

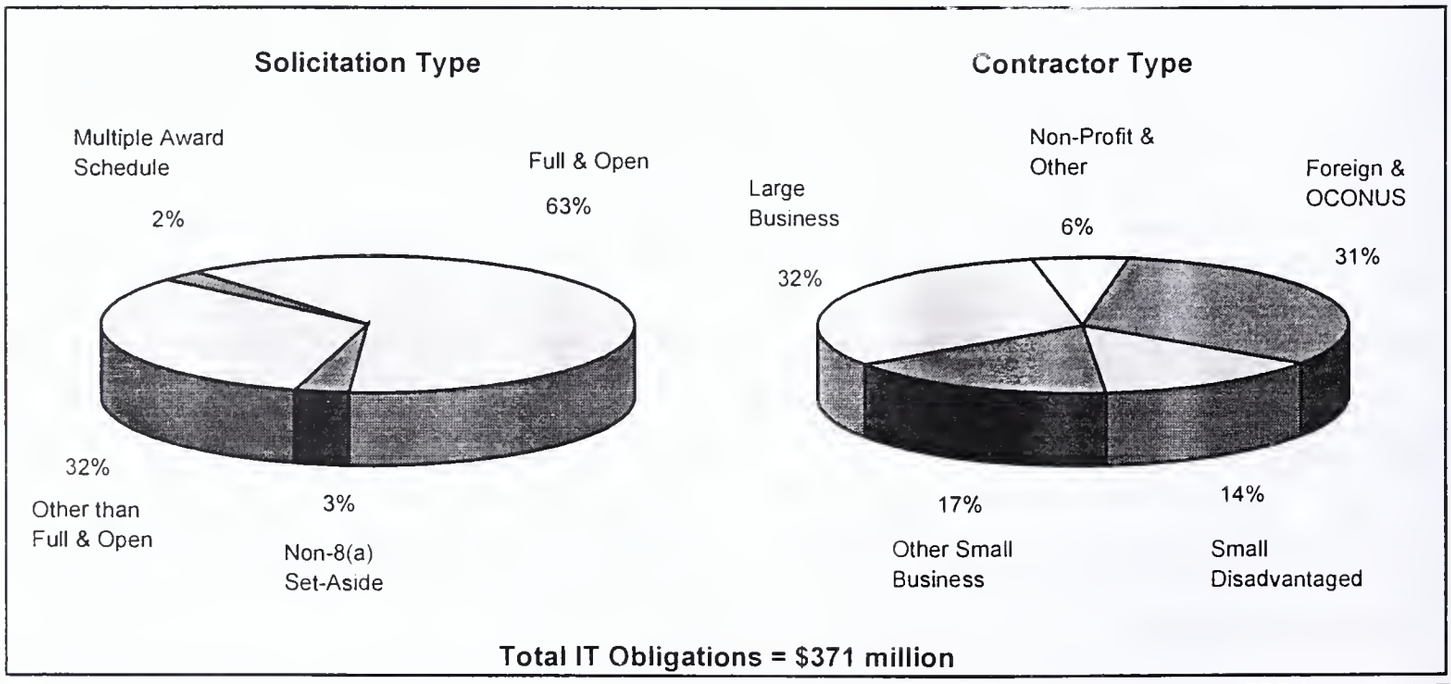
State Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Department of State to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and workshop organizations comprise the "non-profit and other" contractor component. Domestic contractors performing work outside the continental United States (OCONUS) and foreign contractors are represented by the "foreign and OCONUS" component under Contractor Type.

Exhibit 4

Acquisition Profile for the Department of State
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the State Department is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 61% of State's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at State
FY 1996

1. Wang Laboratories
2. Orkand Corporation
3. AT&T Corporation
4. Federal Data Corporation
5. Computer Sciences Corporation
6. DynCorp
7. TRW, Inc.
8. STG, Inc.
9. ManTech International Corporation
10. Statistica, Inc.

Source: FPDC and INPUT

Exhibit 6

Top Department of State Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$159,926	11. Illinois	$492
2. Washington, DC	35,167	12. South Carolina	408
3. Maryland	30,768	13. New Jersey	282
4. California	6,392	14. Pennsylvania	238
5. Texas	3,118	15. Idaho	192
6. New York	2,013	16. Connecticut	180
7. Colorado	1,968	17. New Mexico	125
8. Louisiana	1,008	18. Ohio	115
9. Florida	956	19. Minnesota	113
10. Massachusetts	582	20. Washington	105

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Department of State. Currently, the agency has eight major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $1.5 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Department of State

Program	Type	Size	Description
1. Office Automation and Distributed Systems Recompetition	Hardware/ Software — IDIQ	$841M 11 yrs.	Wang Laboratories provides hardware, software and maintenance services to fulfill the Bureau of Administration's requirement for an integrated family of information processing systems. Awarded in August 1990.
2. ADP Support for the DOS Consular Lookout and Support System (CLASS)	Professional Services — IDIQ	$18M 5 yrs.	Soon to be replaced by a follow-on contract, Orkand provides the Consular Affairs Technical Support Office with ADP technical support services and linguistics analysis/search techniques support. Orkand also provides analysis, design, development, maintenance and support for applications in IBM mainframe, Wang minicomputer and IBM-compatible microcomputer environments. Awarded in July 1992.
3. Consolidated Telecommunications Services for Domestic Installations (CTS)	Network Services — Cost Plus Fixed Fee	$122M 10 yrs.	AT&T operates and maintains the switched voice and data communications network of Department of State facilities and annexes in the Washington, DC and New York City metropolitan areas. Awarded in December 1993.
4. ADPE Modernization Program (FEDCAC 101)	Hardware/ Software — IDIQ	$270M 7 yrs.	FDC Technologies provides mainframe computers and structural changes to establish a back-up computing facility and to modernize the Department of State's existing ADP equipment. Awarded in February 1994.
5. Services to Process U.S. Immigrant Visa Applications	Professional Services — Cost Plus Incentive Fee	$3M 5 yrs.	Statistica provides operational services in support of the National Visa Center (NVC) at the State Department's Portsmouth Consular Center (PCC) (formerly Pease AFB) in Portsmouth, New Hampshire. Awarded in March 1994.
6. Model 204 Software Development and Maintenance (M204)	Professional Services — Time and Materials	$7M 5 yrs.	Computer Business Methods provides unilateral support and development of the department's M204 database system at multiple sites. Awarded in March 1994.

Major Contracts at the Department of State (cont.)

Program	Type	Size	Description
7. Diplomatic Telecommunications Service Value Added Network (DTS-VAN)	Network Services — IDIQ	$10M 5 yrs.	US Sprint incorporates commercially-available packet data network services into the current worldwide communications network of the Diplomatic Telecommunications Service (DTS). Awarded in August 1994.
8. Travel Document Issuance System (TDIS)	Hardware/ Software — IDIQ	$3M 5 yrs.	CEXEC provides the Bureau of Consular Affairs with software support services for its Travel Document Issuance System (TDIS). Awarded in January 1995.
9. Financial Systems Maintenance, Enhancement and Integration Support (FSMEI)	Professional Services — IDIQ	$41M 5 yrs.	CBSI provides software maintenance, enhancement, integration and documentation in an effort to integrate and standardize the department's worldwide financial information systems. Awarded in May 1995.
10. Integrated Financial Management Systems (IFMS)	Hardware/ Software — Cost Plus Fixed Fee	$42M 5 yrs.	CBSI provides financial management and accounting system software for the entire department, including overseas offices. This software upgrade is under mandate of the Joint Financial Management Improvement Program (JFMIP). Awarded in May 1995.
11. Telephone Equipment Contract (DOSTEC)	Network Services — IDIQ	$61M 10 yrs.	GTE provides hardware for and maintenance of State's overseas Voice-Telephone Systems (V-TEL). The contract calls for the replacement of existing switch, plant and customer premise equipment. Awarded in July 1995.
12. Machine Readable Visas and Passports System (MRV/P)	Professional Services — Time and Materials	$20M 5 yrs.	Orkand Corporation provides installation, training and maintenance support for State's MRV/P systems. These systems incorporate digital photography and optical character recognition (OCR) technologies to ease the visa tracking process. Awarded in September 1995.
13. Information Technology Support Services (ITSS)	Professional Services — Cost Plus Fixed Fee	$45M 5 yrs.	CSC provides professional services in support of the development and maintenance of software systems primarily for the Foreign Affairs information systems. Awarded in November 1996.
14. Professional, Administrative and Management Support Services	Professional Services — Cost Plus Fixed Fee	$40M 5 yrs.	Syntech provides the Department of State's Diplomatic Telecommunications Service (DTS) with professional, administrative and management support services. Awarded in November 1996.
15. State Information Infrastructure PC/LAN (SII-PC/LAN)	Hardware/ Software — IDIQ	$292M 7 yrs.	BTG provides standardized microcomputer hardware and software in State's offices worldwide, including commercial off-the-shelf (COTS) hardware and software, personal workstations and peripherals, as well as LANs, hubs, routers, servers and WAN interfaces. Awarded and protested in April 1997.

Source: INPUT

Issues at the Department of State

1. Information technology priorities and challenges at the Department of State were highlighted in a recent *Government Executive* IRM Roundtable discussion with federal CIOs. State's CIO Eliza McClenaghan noted the following priority projects for the department:

- Year 2000 corrective measures
- Network improvement — expanding global networking capabilities
- Improve IRM oversight and accountability

Eliza McClenaghan indicated that the main challenges faced by the agency are combining intellectual and financial resources to address the Year 2000 problem and replacing the department's legacy technology with open-systems capability. This capability is required for the cost-effective and efficient networking among State's more than 250 worldwide sites.

2. On April 18, 1997, President Bill Clinton released a Fact Sheet on the reorganization and integration of the United States' foreign affairs agencies. Specifically, the plan calls for the internal reinvention of the Department of State, the Arms Control and Disarmament Agency (ACDA), the U.S. Information Agency (USIA) and the Agency for International Development (AID). The following represents some broad integration measures highlighted in the Fact Sheet:

- The Department of State will incorporate new organizations and will manage new responsibilities to preserve the missions of the ACDA, USIA and AID
- ACDA will be fully integrated with State within one year by merging both agencies' related arms control and nonproliferation functions
- USIA and the State Department will be integrated over a two-year period
- AID will remain a distinct agency, but it will share certain administrative functions with State and will report to and be under the direct authority of the Secretary of State. AID's press office will be fully integrated with State within two years, and its International Development Cooperation Agency will be abolished

Six task forces within the State Department have already been created and are charged with developing a detailed plan of action by mid-July, 1997.

3. In a recent report (T-NSIAD-97-167), the General Accounting Office (GAO) reviewed the Department of State's progress in making its visa issuance process more efficient and less vulnerable to fraud. State's efforts toward this end have focused on issuing visas that are machine-readable, expanding automated name-check capabilities to all posts, forming "lookout" committees to identify suspected fraud and strengthening compliance with management controls.

GAO notes mixed results. Though the automation initiative progressed after a series of delays, operational problems at various locations diminished the effectiveness of this effort. Problems included technical difficulties that limited the availability and usefulness of the automated database; inadequate cooperation by key agencies in State's lookout committees; and lack of compliance with management control procedures. State continues to move forth in its visa automation project, though its own Inspector General has highlighted several ongoing weaknesses with the effort.

4. The $292 million State Information Infrastructure PC/LAN (SII-PC/LAN) program is moving forward as planned. The effort, designed to provide the State Department with standardized microcomputer hardware and software for its offices worldwide, was awarded to BTG on April 14, 1997. One week later, Federal Data Corp. protested the award at the agency level and IBM protested the award with GAO. Though both losing bidders called for a stop-work order, BTG continued to supply State with hardware and software since the time of award. IBM withdrew its protest, and the FDC protest was resolved in favor of BTG.

Under the seven-year IDIQ contract, Vienna, Virginia-based BTG provides PCs, servers, LAN equipment and integration services. Specifically, for desktop machines, BTG offers 133-MHz and 200-MHz Pentium PCs running Microsoft Office Professional for Windows 95/NT and Microsoft Exchange. For notebooks, BTG supplies the Toshiba Portege 650CT and Toshiba PA1126U-T9A Portege 660DT from Toshiba America Information Systems, Inc. BTG also offers 166-MHz Pentium Pro servers running Microsoft Windows NT Server and Cheyenne Software ARCserve for Windows. The first four years of the contract call for supplies and services, with three additional years for maintenance and repair.

5. The State Department has long been known as an agency with significant problems in its acquisition, use and management of information technology resources. State has put itself in a position where it currently relies on outdated and inadequate technology that, in some cases, cannot even run the most common office applications. A number of related developments are coming together now to force the State Department to take advantage of the opportunities that procurement reform makes available in ensuring efficient and effective computer systems in the future. These developments include:

- Outdated systems architecture that is becoming progressively more difficult to maintain and sustain effectively, using Wang and other proprietary-based systems. This creates problems in the ability to use information technology effectively to perform department missions
- Systems architecture reengineering in the Defense Department and intelligence community, which means that the State Department must ensure communication and interoperability between the systems
- The Year 2000 problem, which is forcing possible short-term fixes rather than longer-term, strategic information technology planning solutions
- Changes in federal law relating to document declassification and freedom of information, placing additional document management burdens on an already overburdened system

Though changes are being made, the State Department continues to be roundly criticized for not having a strategic approach to these information management problems.

6. State's Office Automation Recompetition (SOAR) may be a substantial opportunity to IT vendors. Since August 1990, Wang has held the department's largest IT contract — an estimated $841 million program to support State's needs for an integrated family of information systems providing word and image processing, electronic messaging, database management and graphics capabilities. The Wang contract

has a five-year base with a three-year option for equipment, software and services, to expire in August 1998, and a second three-year option for software and services, to expire in August 2001, allowing for a contract life of up to 11 years.

The contracting office recently stated that there have been no changes in this program, and that it is too early to speculate if the option years will be exercised. It did assert that once the hardware portion of the Wang contract expires, the agency may opt for existing contract vehicles to acquire hardware, such as GWACs and GSA schedules. Industry speculation is that this procurement will not be recompeted; however, INPUT believes State will require substantial components of the current requirements in the future. INPUT anticipates the RFP for this opportunity in 3QFY 2000.

7. The Department of State is close to awarding its $200 million Professional, Administrative and Management Support Services initiative currently held by DynCorp. The RFP for this opportunity was released on January 31, 1997 with bids due March 18. An award is currently slated for September 1, 1997. Services required include communications maintenance; operations and engineering; logistical, operations and inventory management; information technology security; and related information management support.

On-Line Information Resources

The Department of State maintains a World Wide Web site accessible at "http://www.state.gov". This site contains extensive information on departmental activities and the State Department's role in current events, as well as briefing transcripts and daily press releases. The focus of this site is the Department of State Foreign Affairs Network (DOSFAN), which provides updated information on passport issuance, visas and travel advisories.

The State Department's *The America Desk* is now available over the Internet and provides a useful tool for U.S. businesses seeking information and assistance on conducting business and investment overseas. *The America Desk* can be accessed at http://www.state.gov/www/about_state/business/index.html. A telephone directory of State employees is also available, which can be accessed directly at http://www.state.gov/www/about_state/contacts/phbook/phbook.html.

For potential vendors interested in business opportunities, State's Office of the Procurement Executive is accessible on the Internet at http://www.statebuy.Inter.net/home.htm. Available at this site are contracting opportunities and acquisition guidance and reporting for the entire department, in addition to information on small business concerns. For IT opportunities at State, vendors can access solicitation announcements and other pertinent information directly at http://www.statebuy.Inter.net/busnsops.htm.

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  - ⇒ Procurement Analysis (PAR)
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Agency Profile

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Environmental Protection Agency

Purpose

The Environmental Protection Agency (EPA) seeks to control and abate pollution in the areas of air, water, solid waste, pesticides, radiation and toxic substances through the establishment of policies and regulations, as well as cooperation with state, local and international governments and organizations.

Table of Contents

Organization

The Environmental Protection Agency was established in the executive branch as an independent agency pursuant to Reorganization Plan No. 3 of 1970 (5 U.S.C. app.), effective December 2, 1970. It was created to permit coordinated and effective governmental action on behalf of the environment.

The EPA is headed by the Administrator, appointed by the President with the advice and consent of the Senate, who is principally aided by the Deputy Administrator, three Associate Administrators and nine Assistant Administrators. The Assistant Administrators have direct oversight and responsibility for the agency's nine functional program offices. 10 Regional Administrators also report directly to the Administrator and carry out the agency's mission on the state and local level.

The Environmental Protection Agency is a field-oriented organization. Headquartered in Washington, DC, the agency maintains 10 regional offices and a number of field offices and laboratories to carry out its local programs for pollution abatement. The Regional Administrators are responsible for

accomplishing, within their regions, the national program objectives established by the agency.

The EPA is currently directed by Administrator Carol M. Browner and employs approximately 17,400 people nationwide. This employment figure has not changed significantly from approximately 17,300 people at this time last year. Roughly 33% of the agency's current employees are located in the Washington, DC area. The organizational structure of the Environmental Protection Agency is presented in Exhibit 1.

Program Activities

Below is a brief description of the primary program offices within the Environmental Protection Agency, which offers insight into the agency's major activities:

a. Administration and Resources Management
The Office of Administration and Resources Management (OARM) provides centralized management services and infrastructure and operations support for all EPA activities. OARM coordinates the agency's IRM programs and policy, geographic information systems (GIS) and records management. The office also administers most of EPA's contracts and grants, and it has oversight of the National Environmental Supercomputing Center in Bay City, Michigan.

b. Enforcement and Compliance Assurance
With the help of the EPA regional offices, states and tribes, the Office of Enforcement and Compliance Assurance (OECA) ensures that the nation's environmental laws are complied with and, if need be, enforced. Its mission is to protect the well-being of all Americans, the nation's environment and its natural resources. OECA's goal is to deliver compliance with U.S. environmental laws while inspiring the regulated community to employ methods that focus on pollution prevention.

Exhibit 1

EPA Organization

Administrator

Deputy Administrator

Secretariat:
- Associate Administrator for Regional Operations and State/Local Relations
- Associate Administrator for Communications, Education and Public Affairs
- Associate Administrator for Congressional and Legislative Affairs
- Office of Administrative Law Judges
- Office of Civil Rights
- Office of Small and Disadvantaged Business Utilization
- Office of Cooperative Environmental Management
- Executive Support Office
- Executive Secretariat
- Pollution Prevention Policy Staff
- Science Advisory Board
- Environmental Appeals Board
- General Counsel
- Inspector General

Program Offices:
- Administration and Resources Management
- Enforcement and Compliance Assurance
- Policy, Planning and Evaluation
- International Activities
- Research and Development
- Air and Radiation
- Water
- Solid Waste and Emergency Response
- Prevention, Pesticides and Toxic Substances

Regional Offices:
- Region I – Boston, MA
- Region II – New York, NY
- Region III – Philadelphia, PA
- Region IV – Atlanta, GA
- Region V – Chicago, IL
- Region VI – Dallas, TX
- Region VII – Kansas City, KS
- Region VIII – Denver, CO
- Region IX – San Francisco, CA
- Region X – Seattle, WA

continued on next page

EPA Organization (cont.)

National Laboratories:

- National Air and Radiation Environmental Lab – Montgomery, AL
- National Environmental Supercomputing Center – Bay City, MI
- National Exposure Research Lab – Research Triangle Park, NC
- National Exposure Research Lab – Athens, GA
- National Exposure Research Lab – Cincinnati, OH
- National Exposure Research Lab – Las Vegas, NV
- National Health and Environmental Effects Research Lab – Research Triangle Park, NC
- National Health and Environmental Effects Research Lab, Gulf Ecology Division – Gulf Breeze, FL
- National Risk Management Research Lab – Cincinnati, OH
- National Vehicle and Fuel Emissions Lab – Ann Arbor, MI
- Office of Radiation and Indoor Air – Las Vegas, NV
- Robert S. Kerr Environmental Research Lab – Ada, OK

Source: U.S. Government Manual 1996/1997 and EPA

c. Policy, Planning and Evaluation

The Office of Policy, Planning and Evaluation (OPPE) provides overall policy, strategic direction and spending focuses for the Environmental Protection Agency. Major activities for OPPE include developing and implementing sustainable ecosystems and communities, transportation and global warming policy, environmental technology initiatives and sustainable industry strategies for a cleaner environment. The office also has direct oversight of EPA's Project XL, a national pilot program that tests innovative ways of achieving better and more cost-effective public health and environmental protection.

d. International Activities

EPA's Office of International Activities (OIA) coordinates and manages international environmental policy and technical objectives. OIA works with international organizations and foreign governments for the improvement of global environmental resources.

e. Research and Development

The Office of Research and Development (ORD) is responsible for a national research program in pursuit of technological controls of all forms of pollution. It directly supervises the research activities of the agency's national laboratories and gives technical policy direction to those laboratories that support the program responsibilities of the regional offices. General ORD functions include management of selected demonstration programs, planning for agency environmental quality monitoring programs, coordination of agency monitoring efforts with those of other federal agencies, states and other public bodies, as well as dissemination of agency research, development and demonstration results.

f. Air and Radiation

The Office of Air and Radiation (OAR) develops national programs, technical policies and regulations for air pollution control, enforces environmental standards and provides technical direction, support and evaluation of regional air activities. OAR also provides professional training in the field of air pollution control. Related activities include technical assistance to states and agencies having radiation protection programs, including radon mitigation programs and a national surveillance and inspection program for measuring radiation levels in the environment.

g. Water
The agency's Office of Water (OW) conducts a coordinated program of environmental activities to restore the nation's waters. OW activities include the development of national programs, technical policies and regulations for water pollution control and water supply, the enforcement of standards, the provision of technical direction, support and evaluation of regional water activities, in addition to the development of programs for technical assistance and technology transfer.

h. Solid Waste and Emergency Response
The Office of Solid Waste and Emergency Response (OSWER) provides policy, guidance and direction for the agency's hazardous waste and emergency response programs. Policy and technical guidelines are primarily developed in the areas of waste treatment, storage and disposal. OSWER also conducts analyses of technologies and methods for the recovery of useful energy from solid waste, and it coordinates with the Department of Defense on base closure environmental issues. A significant amount of the office's activities revolve around national management of the EPA's Superfund toxic waste cleanup program.

i. Prevention, Pesticides and Toxic Substances
The Office of Prevention, Pesticides and Toxic Substances (OPPTS) is responsible for developing national strategies for the control of toxic substances, directing EPA's pesticides and toxic substances enforcement activities and developing criteria for assessing chemical substances, standards for test protocols and procedures for industry reporting and regulations. The office evaluates and assesses the impact of existing chemicals, new chemicals and chemicals with new uses to determine their hazard and, if needed, develop appropriate restrictions.

Program Budget

Total federal funding for the Environmental Protection Agency is expected to grow only slightly from $5.6 billion in FY 1997 to $6.0 billion in FY 2002, at a compound annual growth rate (CAGR) of 2%. No growth is slated during this time period for the agency's largest program account — State and Tribal Assistance Grants. Minimal overall funding growth at EPA will be driven by Environmental Programs and Management activities, funds for which will likely increase an average of 5% annually from $1.8 billion in FY 1997 to $2.1 billion in FY 2002.

EPA's program activities are also largely funded through trust funds — amounting to $1.3 billion during FY 1997 (19% of total funding) and expected to increase to $1.6 billion in FY 2002 (22% of total funding). These figures are not included in the data presented below.

The program budget for the Environmental Protection Agency is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Environmental Protection Agency

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Buildings and Facilities	$110	$87	$141	$21	$21	$22	$23
Environmental Programs and Management	1,676	1,752	1,888	1,986	2,042	2,064	2,124
Hazardous Substance Superfund	250	250	250	250	250	250	250
Office of the Inspector General	29	29	29	29	30	31	32
Science and Technology	525	552	614	633	652	671	692
State and Tribal Assistance Grants	2,813	2,910	2,793	2,890	2,861	2,885	2,908
Total Program Budget	**5,403**	**5,580**	**5,715**	**5,809**	**5,856**	**5,923**	**6,029**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total information technology (IT) spending at the Environmental Protection Agency is projected to grow from $459 million in FY 1997 to $599 million in FY 2002, representing a moderate CAGR of 5%. The EPA spends heavily on support services and will continue to do so over at least the next five years. Estimated to grow an average of 9% annually, this spending will be the major driving force behind the overall IT budget of the agency. Also of note is the contracted out portion of the IT budget — all spending less supplies and personnel — which is expected to grow from $358 million (78% of the total IT budget) in FY 1997 to $515 million (86% of the total IT budget) in FY 2002.

The information technology budget of the Environmental Protection Agency is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

IT Contract Opportunities

The major Environmental Protection Agency acquisitions summarized below are currently active:

a. ADP Information Resources Management Services Recompete (AIRMS)
Type: IDIQ
The Environmental Protection Agency Office of Research and Development is expected to recompete its requirement for nationwide systems development and scientific support services. The current contract requires applications and systems development, including scientific and statistical applications, laboratory automation and administration and graphic imaging systems.

b. Computer Operations and Information Center Recompete
Type: IDIQ
EPA's Office of Mobile Sources (OMS) has an ongoing requirement for computer center operations at its Ann Arbor, Michigan facilities.

Exhibit 3

Information Technology Budget of the Environmental Protection Agency

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$38	$33	$35	$37	$40	$43	2%
Other Purchases and Leases	12	13	13	14	15	16	5%
Total Equipment	**51**	**46**	**48**	**51**	**54**	**59**	**3%**
Software:							
Capital Purchases	13	13	14	15	16	18	7%
Other Purchases and Leases	4	4	4	4	5	5	7%
Total Software	**17**	**17**	**18**	**19**	**21**	**23**	**7%**
Services (Processing and Telecom.)	**32**	**32**	**34**	**36**	**38**	**41**	**5%**
Support Services	**259**	**263**	**287**	**315**	**350**	**392**	**9%**
Contracted Out Portion of IT Budget	**358**	**358**	**386**	**421**	**464**	**515**	**8%**
Supplies	**13**	**17**	**18**	**19**	**20**	**21**	**11%**
Personnel	**88**	**91**	**85**	**78**	**70**	**62**	**-7%**
Total IT Budget	**459**	**465**	**489**	**518**	**554**	**599**	**5%**

Source: Environmental Protection Agency and INPUT

c. Facilities Administration and Information Resources Recompete (FAIR)
Type: IDIQ
ORD will recompete its requirement for facilities administration and ADP operations and support. The current contract requires end-user services such as help-desk, training, facilities administration and visual information support.

d. Global Climate Change Document, Logistical, Outreach, Database and Modeling Support
Type: TBD
The Office of Economy and Environment (OEE) has a requirement for professional support services necessary to support its climate change program. Personnel, materials, equipment, services and facilities will be acquired.

e. Information Technology Architectural Support Recompete (ITAS)
Type: IDIQ
This opportunity will provide information technology and architectural support services to the EPA. A wide range of planning and analysis type studies and advisory and assistance services (AAS) are required, including support and enhancement of other major EPA contracts.

f. Mission-Oriented Systems Engineering Support (MOSES)
Type: Cost Plus Award Fee
The EPA has a requirement for mission-oriented systems engineering support services. This opportunity will provide technical support services to staff, operate and manage a Systems Development Center (SDC) facility and to perform the functions associated with the design, development and implementation of large-scale application systems.

g. National Technical Assistance
Type: Cost Plus Fixed Fee
The Environmental Protection Agency intends to acquire follow-on national technical services in support of its Safety, Health and Environmental Management Division. Broad areas to be covered include safety engineering, fire safety, training and continuing education, occupational health, fitness, industrial hygiene, environmental engineering and environmental management.

h. National Telecommunications and Computing Support Contract (NTACS)
Type: IDIQ
The EPA has a requirement for a wide range of services related to the management, operation and maintenance of the agency's general purpose and scientific hardware/software and telecommunications resources.

i. National Voice Communications Support (NVCS)
Type: TBD
This opportunity will provide a wide variety of voice communications technical support services for EPA regional, laboratory and headquarters locations nationwide. Services will include acquisition, testing, benchmarking, installation and operation of voice communications systems, equipment and services.

j. OPPT Regulatory Data Collection Center
Type: Cost Reimbursement
The EPA intends to acquire services to establish, operate and maintain the Office of Pollution, Prevention and Toxics (OPPT) Regulatory Data Collection Center within the Information Management Division.

k. Washington Metropolitan Area Telecommunications and Computing Support Contract (WTACS)
Type: IDIQ
The EPA has an ongoing requirement for computing and user support services in the Washington metropolitan area user community. Services will include management, operations and maintenance of computing and telecommunications (voice and data) resources, rapid development of LAN-based work group applications and the installation and operation of a wide variety of LAN/PC-based hardware, software and telecommunications resources.

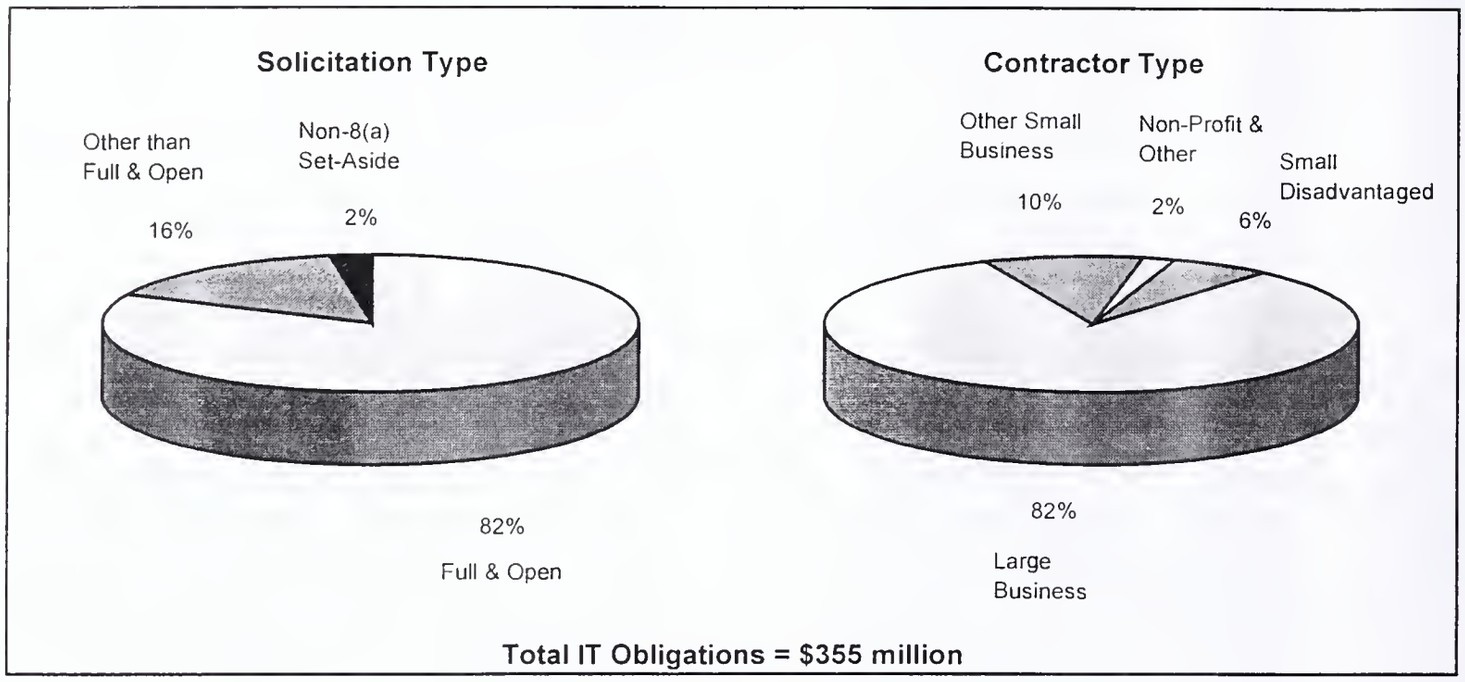
EPA Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Environmental Protection Agency to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit and educational organizations comprise the "non-profit and other" contractor component.

Exhibit 4

Acquisition Profile for the Environmental Protection Agency
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Environmental Protection Agency is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 58% of EPA's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at EPA
FY 1996

1. Lockheed Martin Corporation
2. Science Applications International Corporation
3. ICF Corporation
4. Litton/PRC
5. Booz-Allen & Hamilton, Inc.
6. Network Management, Inc.
7. Dynamac Corporation
8. OAO Corporation
9. ManTech International Corporation
10. IBM Corporation

Source: FPDC and INPUT

Exhibit 6

Top Environmental Protection Agency Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Washington, DC	$93,158	11. Georgia	$7,581
2. Virginia	88,092	12. Oregon	6,047
3. North Carolina	32,409	13. Ohio	5,907
4. Maryland	25,770	14. California	1,369
5. New Jersey	19,508	15. Michigan	1,360
6. New York	17,200	16. Missouri	1,248
7. Texas	15,332	17. Colorado	1,237
8. Massachusetts	13,239	18. Arkansas	1,150
9. Pennsylvania	10,665	19. Kansas	961
10. Illinois	10,630	20. South Carolina	581

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Environmental Protection Agency. Currently, the agency has 10 major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $425 million. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Environmental Protection Agency

Program	Type	Size	Description
1. Applications Systems Development and Enhancements	Professional Services — IDIQ	$140M 7 yrs.	SAIC provides applications systems development and enhancements through this agency-wide, centrally managed, task order contract. The contractor provides expertise in database management software, graphics, statistical models, office systems and other system development specialties. Awarded in September 1990.
2. Geographic Information System (GIS)	Hardware/ Software — IDIQ	$21M 8 yrs.	Data General provides ADP equipment, software and services to develop a Geographic Information System for the Environmental Protection Agency. Approximately 600 workstations and peripherals such as digitizers, printers, plotters and mass storage devices are provided. Awarded in June 1991.
3. Mission-Oriented Systems Engineering Support (MOSES)	Professional Services — Cost Plus Award Fee	$116M 7 yrs.	SAIC provides general ADP support services at the Environmental Protection Agency. Services provided are primarily in the areas of requirements analysis; system design, development and implementation; and operations and maintenance. Awarded in September 1991.
4. High Performance Computer Acquisition	Hardware/ Software — IDIQ	$43M 8 yrs.	Cray Research provides two supercomputers, operating systems, software and maintenance to support the National Computer Center (NCC) in Research Triangle Park, NC and the Center of Ecological Research and Training in Bay City, MI. Existing inventory included an IBM 4341, IBM 3090/3005, DEC VAX 11/785 and a DEC 8600. Awarded in May 1992.
5. Facilities Management Primary Support Contract for the NCC and the WIC	Professional Services — Cost Plus Award Fee	$302M 5 yrs.	Lockheed Martin and Network Management, Inc. provide facilities management and professional services support for the EPA NCC in Research Triangle Park, NC and the Washington Information Center (WIC) in Washington, DC and Cincinnati, OH. Awarded in May and September 1992.
6. Data Extraction and Analysis	Professional Services — Level of Effort	$7M 5 yrs.	Systems Integration, Inc. provides the Office of Pesticide Programs (OPP) with support, maintenance and development of three primary information systems: the Pesticide Document Management System (PDMS), the Pesticide Product Information System (PPIS) and the Label Use Information System. Awarded in March 1995.

Major Contracts at the Environmental Protection Agency (cont.)

Program	Type	Size	Description
7. ADP Information Resources Management Services (AIRMS)	Professional Services — IDIQ	$50M 5 yrs.	Through a joint venture, Lockheed Martin and ManTech provide the EPA Office of Research and Development (ORD) with nationwide systems development and scientific support services. Awarded in April 1995.
8. Library Services	Professional Services — IDIQ	$44M 5 yrs.	Garcia Consulting provides agency-wide library services and records management support for the Environmental Protection Agency. At the time of award, EPA operated a network of over 30 libraries throughout the nation providing access to agency databases on request. Awarded in May 1995.
9. Records Management Support Services	Network Services — IDIQ	$1M 5 yrs.	Armstrong Data Services provides records management services in support of the Environmental Protection Agency's nationwide library system. Awarded in August 1995.
10. Facilities Administration and Information Resources (FAIR)	Professional Services — IDIQ	$72M 5 yrs.	OAO Corp. provides ADP operations and support for the EPA's Office of Research and Development. Included are end-user services such as help desk, training, facilities administration and visual information support; systems hardware and software operations and maintenance; and minor enhancements to existing systems. Awarded in September 1995.
11. Information Technology Architectural Support (ITAS)	Professional Services — IDIQ	$35M 3 yrs.	Technology Planning and Management Corp. provides a variety of ongoing Federal Information Processing (FIP) long-term support services primarily to EPA facilities in Research Triangle Park, NC and Washington, DC, but also at other locations nationwide, as required. Awarded in September 1995.
12. PC LAN Hardware and Software	Network Services — IDIQ	$14M 4 yrs.	Concept Automation provides the Environmental Protection Agency with LAN hardware and software, including 450 LAN servers and commercial off-the-shelf (COTS) products that are compatible with PC/MS DOS, OS/2 and Netware. Awarded in September 1995.
13. Computer Operations and Information Center	Professional Services — IDIQ	$5M 4 yrs.	Trandes Corp. provides facilities operations and support services for the Office of Mobile Sources' Computer Center Operations in Ann Arbor, MI. Services performed include data entry, operation of a variety of computer and data telecommunications systems and production applications, as well as management of a documentation library, a magnetic tape library and microcomputer hardware and software inventory records. Awarded in November 1995.

Source: INPUT

Issues at EPA

1. Information technology priorities and challenges at the Environmental Protection Agency were highlighted in a recent *Government Executive* IRM Roundtable discussion with federal CIOs. EPA's CIO Alvin Pesachowitz noted the following priority projects for the agency:

- One-stop reporting — consolidating and streamlining reporting by regulated entities to reduce reporting burdens and improve data quality
- Right-to-know initiative — providing the public with easier access to environmental information
- Year 2000 solutions

Pesachowitz indicated that the main challenges faced by the agency are effectively implementing ITMRA and harmonizing it with the planning and performance components of the Government Performance and Results Act (GPRA). When asked to identify the hottest technologies at EPA, Pesachowitz noted the following:

- Internet — enabling EPA's public and internal access and data sharing programs to better serve agency missions
- Information security technology — helping the agency protect information assets and infrastructure
- Electronic commerce/electronic data interchange — supporting business activities such as small purchases and procurements. Also used as a tool to support environmental programs in areas such as compliance reporting

2. The Environmental Protection Agency expects to award its $300 million National Telecommunications and Computing Support Contract (NTACS) in September of this year. The proposed five-year, IDIQ contract is a recompetition of a contract awarded to Lockheed Martin in September 1992. The incumbent provides professional services support for the operation of the EPA National Computer Center facility. These services include technical planning services, training, end-user and administrative support functions for the day-to-day management, operations and maintenance of the EPA's computers. The NTACS RFP was released on March 18, 1997 with bids due May 2. INPUT speculates potential bidders to include CSC, EDS, Wang (I-Net), Lockheed Martin, Northrop Grumman, Nortel, PRC and Unisys.

3. In a recent report (T-RCED-97-133), the General Accounting Office (GAO) discussed EPA's efforts to improve its problematic methods of establishing priorities, allocating resources and measuring program performance. To address such problems, the agency created a task force in March 1996 and established a new office in January 1997 — the Office of Planning, Analysis and Accountability. Specifically, the office has been assigned to develop a new planning, budgeting and accountability system for the entire agency.

However, the system is still in the early stages of development, and GAO notes several long-term challenges in obtaining the scientific and environmental data needed to fully support the envisioned system. Among them, the Office of Planning, Analysis and Accountability will remain under-staffed for the next several months, existing data is difficult to compile because divergent data collection techniques have been used and much effort is still required to identify, develop and agree on a comprehensive set of environmental measures to link the agency's activities to

changes in environmental conditions. Until the new system is in place, the EPA will have to rely solely on administrative gauges to measure its performance, such as the number of permits issued or inspections made.

4. Recent government-wide procurement reform has had many impacts on the Environmental Protection Agency's IT environment and procurement practices. One of the most important involves substantial changes in the "customer base" of the EPA IT infrastructure. Not only do EPA staff and researchers need effective access to EPA data, but the general public and other customers also increasingly demand easy access to EPA data for their own purposes.

As a result, there are significant in-house development efforts underway to develop better database management tools and applications to ensure a seamless experience for the user of EPA data. EPA's Internet site has won awards for its design and content, and EPA hopes to continue to lead the way for other agencies to provide information to the public through the Internet channel.

One major EPA initiative is Envirofacts on-line. Envirofacts is a relational database that provides an integrated single point of access to data from multiple data resources. It currently incorporates data from EPA Locational Reference Tables (LRT) and the following six program system databases:

- Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS)
- Resource Conservation and Recovery Information System (RCRIS)
- Toxic Release Inventory (TRI)
- Permit Compliance System (PCS)
- AIRS Facility Subsystem (EF AIRS/AFS)
- Grants Information and Control System (GICS)

EPA's Envirofacts data warehouse is accessible via the Internet at http://www.epa.gov/enviro/index.html.

5. On April 25, 1997, EPA released a draft of its agency-wide strategic plan, which is currently under review by agency management. The plan is being developed in compliance with the requirements of the Government Performance and Results Act. The draft includes the agency's mission statement, a list of EPA's proposed goals and strategic principles, a description of approaches for achieving goals and objectives, a discussion on how EPA will integrate principles into programs and a section on EPA's plans for assessing results. The draft's outline is available for public comment on the Internet at http://www.epa.gov/ocfopage/outline2.htm.

6. On April 11, 1997, EPA announced the availability of a final report, *Identification of Pollution Prevention (P2) Technologies for Possible Inclusion in Enforcement Agreements Using Supplemental Environmental Projects and Injunctive Relief.* Pollution Prevention (P2) is a preferred strategy to address environmental issues linked with industrial activity. The report (document number EPA-300-R-97-00) describes an approach for identifying and applying promising technologies for eight industrial sectors, processes and product lines than can be a part of enforcement settlements. It can be downloaded from the Internet at http://www.epa.gov/oeca.

On-Line Information Resources

The Environmental Protection Agency maintains a World Wide Web home page accessible at http://www.epa.gov. This site contains extensive information on EPA's organization, program activities and initiatives, publications and links to other information services. The site also offers an interactive means for the public and industry to learn about and contribute to environmental preservation and restoration.

For information on business opportunities at the EPA, the Office of Administration and Resources Management maintains a useful Web site at http://www.epa.gov/epahome/OARM.html. Posted are links to IRM facilities, laboratories and data warehousing initiatives, as well as documents on doing business with EPA and grants information. IRM policy, standards and guidance materials and IRM strategic planning documents are directly available at http://www.epa.gov/irmpoli8/. Information on research and development initiatives and facilities within EPA can be found on the Office of Research and Development's home page at http://www.epa.gov/docs/ORD/.

For more information on the centralized management and coordination of EPA's distributed information and data resources, the Information Management Division is accessible at http://www.epa.gov/eimd/. Information on the National Environmental Supercomputing Center (NESC), a contractor-operated facility designed to support EPA supercomputing programs, is accessible via the Internet at http://www.epa.gov/nesc/.

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Agency Profile

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U.S. Postal Service

Purpose

The mission of the United States Postal Service (USPS) is to provide reliable mail processing and delivery services to individuals and businesses within the United States. The USPS is committed to serving customers through the development of efficient mail-handling systems and operates its own planning and engineering programs. It is also the responsibility of the Postal Service to protect the mail from loss or theft and to apprehend those who violate postal laws.

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Organization

The Postal Service is an independent establishment of the executive branch funded mostly through revenues from business and consumer users of postal services. It was established, as we know it today, by the Postal Reorganization Act of August 1970 (39 U.S.C. 101) and commenced service on July 1, 1971.

All functions of the U.S. Postal Service are vested in its 11-member Board of Governors. Nine members, the Governors, are appointed by the President with the advice and consent of the Senate. Governors serve staggered nine-year terms and no more than five may belong to the same political party. The Postmaster General, who serves as the Chief Executive Officer of the Postal Service and appoints all of its officers, is appointed by the Governors. These ten members, in turn, appoint the Deputy Postmaster General who serves at the discretion of the Postmaster General.

The nine Governors alone approve postal rates and classification changes following a recommendation by the Postal Rate Commission, an independent organization. The entire 11-member Board determines when rates and classification changes become effective.

USPS management and business activities are headed by the Postmaster General, who is principally aided by the Deputy Postmaster General, the Chief Operating Officer and Executive Vice President, four Senior Vice Presidents and 30 Vice Presidents who oversee the daily activities of the agency's functional program offices.

The Postal Service carries out its mission through its Washington, DC headquarters and its more than 39,000 post offices throughout the United States. These offices are classified into ten area operations, which are Allegheny, Great Lakes, Mid-Atlantic, Mid-West, New York Metro, Northeast, Pacific, Southeast, Southwest and Western.

The Postal Service is currently headed by Chairman of the Board Tirso del Junco and employs approximately 854,300 people nationwide, a level not significantly changed from approximately 858,400 at this time last year. Less than 3% of Postal Service employees are located in the Washington, DC area.

The organizational structure of the U.S. Postal Service is presented in Exhibit 1.

Program Activities

Below are the primary activities of the U.S. Postal Service:

a. Postal Inspection Service

The United States Postal Inspection Service is the federal law enforcement agency which has jurisdiction in criminal matters affecting the integrity and security of the mail, and it operates as the Inspector General for the Postal Service. Postal Inspectors enforce more than 100 federal statutes involving mail fraud, mail bombs, child pornography, illegal drugs, mail theft and other postal crimes, as well as being responsible for the protection of all postal employees. Inspectors also audit postal contracts and financial accounts.

Exhibit 1

U.S. Postal Service Organization

Board of Governors

Postmaster General and Chief Executive Officer

Deputy Postmaster General

- Chief Operating Officer and Executive Vice President
  - — Area Operations (see below)
  - — Operations Support
  - — Operations Redesign
  - — Sales
  - — Engineering
  - — Facilities
  - — Purchasing and Materials
  - — Workforce Planning and Service Management
- General Counsel
- Corporate and Legislative Affairs
  - — Legislative Affairs
- Finance
  - — Controller
- Marketing
  - — Product Management
  - — Technology Applications
  - — Marketing Systems
  - — Retail
- Human Resources
- Information Systems
- Labor Relations
- Consumer Advocate
- Diversity Development
- Quality
- Chief Inspector
- Judicial Officer

Area Operations:

- Allegheny Area
- Great Lakes Area
- Mid-Atlantic Area
- Mid-West Area
- New York Metro Area
- Northeast Area
- Pacific Area
- Southeast Area
- Southwest Area
- Western Area
- International Business

Source: U.S. Government Manual 1996/1997

b. Employee and Labor Relations
The Postal Service is the only federal agency whose employment policies are governed by a process of collective bargaining under the National Labor Relations Act. Labor contract negotiations, affecting all bargaining unit personnel, as well as personnel matters involving employees not covered by collective bargaining agreements, are administered by the Labor Relations or Human Resources divisions of the Postal Service.

c. Customer Cooperation
In order to expand and improve service to the public, the Postal Service is engaged in customer cooperation activities, including the development of programs for both the general public and major customers. The Consumer Advocate, a postal ombudsman, represents the interest of the individual mail customer in matters involving the Postal Service by bringing complaints and suggestions to the attention of top postal management and solving the problems of individual customers. To provide postal services responsive to public needs, the Postal Service operates its own planning, research, engineering, real estate and procurement programs specially adapted to postal requirements and maintains close ties with international postal organizations.

d. Information Systems
The Information Systems division of the Postal Service provides computing and telecommunications resources and support to its employees. This division is in charge of the USPS' priority objective to build an interoperable information technology (IT) infrastructure that is flexible, universal and user-friendly. The infrastructure is to be integrated with current and future automation and processing systems so the Postal Service can both support and grow with the changing needs and demands of its customers.

e. Engineering, Research and Development
The Engineering division develops and implements technologies designed to improve the efficiency of mail processing and delivery services. Among the major developments of this division are multi-line optical character readers (OCRs), which read the entire address on an envelope, assign a bar code to the envelope and sort it at a rate of more than nine per second. Wide-area bar code readers can decipher a bar code anywhere on a letter or package. Advanced facer-canceler systems face, cancel and sort mail. Finally, the remote bar-coding system (RBCS) provides bar-coding for handwritten script mail which cannot be read by OCRs.

Program Budget

The Postal Reorganization Act of 1970 established the Postal Service as a fully self-sufficient, independent entity. Postal revenues were to cover the full costs of postal operations. However, the USPS receives taxpayer subsidies and congressional appropriations, which over time Congress has attempted to reduce. Effective in 1986, the Postal Service was included in the congressional and executive budget process.

Today, Postal Service activities are financed through five primary sources: (1) mail and services revenue, (2) reimbursements from federal and nonfederal sources, (3) proceeds from borrowing, (4) interest from U.S. securities and other investments and (5) congressional subsidies.

Total federal funding for the USPS is expected to grow 10% from an actual $57.4 billion in FY 1996 to an estimated $63.1 billion in FY 2002. This increase in gross federal funds is primarily driven by the anticipated increase in budget authority for postal field operations, growing 8% from $39.4 billion in FY 1996 to $42.8 billion in FY 2002.

The program budget for the Postal Service is presented in Exhibit 2. These figures represent gross federal funds and do not account for offsetting collections or changes in orders on hand from federal sources, where applicable. Exhibit 3 shows a comparison of gross and net (offsetting collections) federal funding for the Postal Service from fiscal years 1996 to 2002.

Exhibit 2

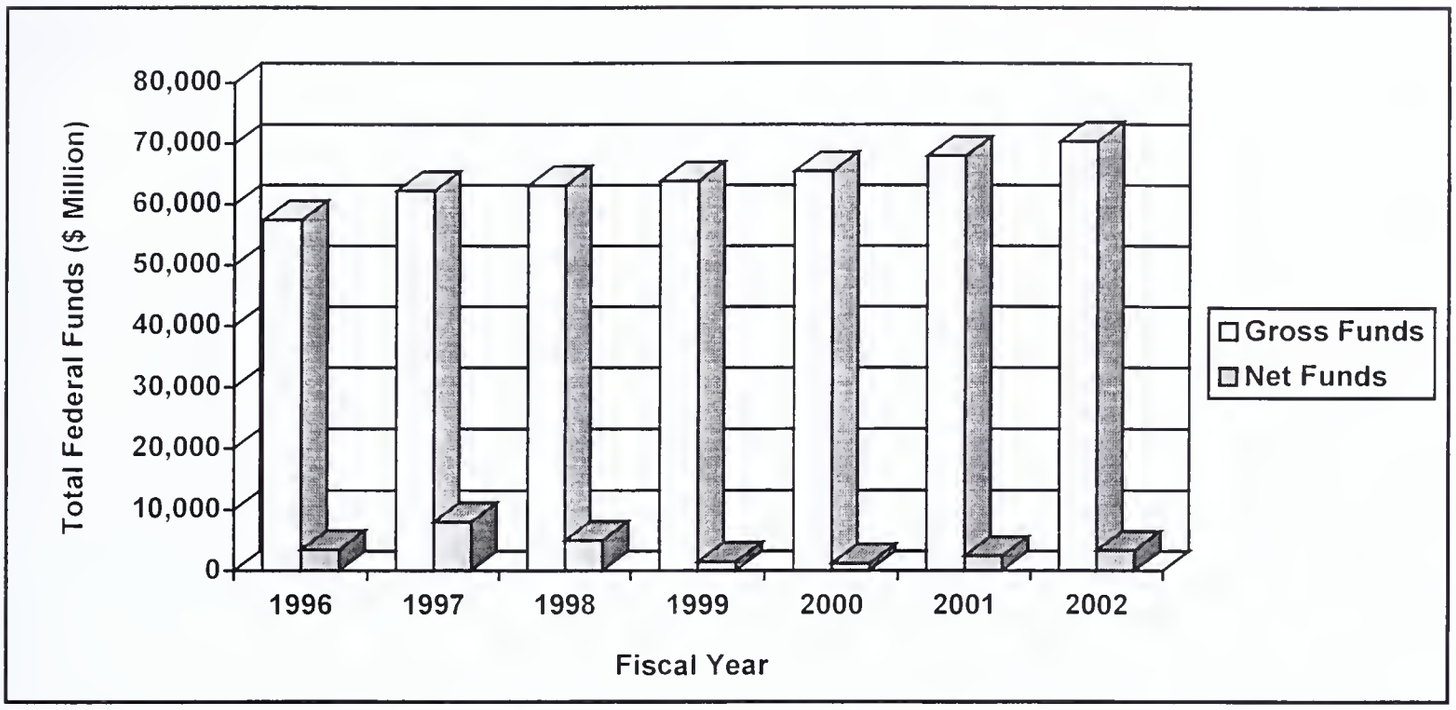
Program Budget of the U.S. Postal Service

Program Accounts	Budget Authority by FY in $ Millions		
	1996	1997	1998
Postal Field Operations	$39,430	$41,078	$42,762
Transportation	3,736	4,143	4,375
Building Occupancy	1,297	1,475	1,525
Supplies and Services	2,132	2,491	2,683
Research and Development	55	57	60
Administration and Area Operations	4,663	4,478	5,301
Interest	1,894	2,031	2,274
Service-Wide Expenses	727	180	185
Capital Investment	3,192	6,024	3,646
Workers' Compensation	37	36	35
Reimbursable Program	258	265	276
Total Program Budget	**57,421**	**62,258**	**63,122**

Source: Budget of the United States Government FY1998, February 6, 1997

Exhibit 3

U.S. Postal Service Total Federal Funds, FY 1996 - FY 2002



Source: Budget of the United States Government FY1998, February 6, 1997

The Postal Service recorded $56.4 billion in operating revenues in fiscal year 1996. Operating expenses for the year totaled $53.1 billion, resulting in an income from operations of $3.3 billion. With investment income of $142 million, debt interest expenses of $368 million and a $1.5 billion interest expense on deferred retirement liability, USPS' net income in fiscal year 1996 was $1.6 billion. This represents the second most profitable year in the history of the Postal Service.

To offer a better understanding of the agency's program budget and how it is allocated, the Postal Service's real estate holdings and capital commitments are outlined in Exhibits 4 and 5 below, respectively.

Exhibit 4

Postal Service Property Holdings, 1996

Total owned facilities	6,947
Total owned interior square feet	168,097,506
Total owned land in square feet	772,182,487
Total leased facilities	28,823
Total leased interior square feet	97,631,577
Total GSA/other government facilities	469
Total GSA/other government interior square feet	4,190,280
Annual rent paid to lessors	$571,015,696
Annual rent received from tenants	$72,700,000

Source: U.S. Postal Service

Exhibit 5

Postal Service Capital Commitments, FY 1996

Line Item	Plan	Actual	% Change
Facilities	$1,281	$1,197	-6.6
Automation and mechanization equipment	1,218	1,220	0.2
Vehicles	375	330	-12.0
Retail equipment	80	220	175.0
Postal support equipment	377	340	-9.8
Total	**3,331**	**3,307**	**-0.7**

In $ Million *Source: U.S. Postal Service*

IT Budget and Major Applications

The Postal Service does not prepare an information technology budget for the Office of Management and Budget. Therefore, no account of Postal Service IT spending is available. The Postal Service has historically invested heavily in IT to support its function of mail processing and delivery.

The Postal Service spends most of its information technology dollars through the Information Systems and Engineering divisions, although IT funds are allocated from several other accounts and divisions. The Information Systems division furnishes the Postal Service with computer and telecommunications hardware, software and services. Engineering is responsible for developing, examining and implementing systems that improve the processing and delivery of mail, such as bar code and sorter technologies. The Technology Applications group, established during the Postal Service's restructuring in 1994, also spends significant IT dollars on research activities.

The Postal Service Information Systems division spends roughly $200 million annually on strictly IT. Furthermore, it anticipates spending $600 to $800 million over the next several years on capital investments (mainly hardware). The Engineering division has an annual budget of about $300 million.

During fiscal year 1996, the Postal Service made more than 45,000 contractual actions, totaling approximately $7.0 billion. During this time, the Postal Service Board of Governors approved capital expenditures of over $700 million for automation equipment alone. Historically, mail processing activities comprise roughly 30% of USPS' total budgetary expenses — a large portion of which is IT-related.

Among the major information technology purchases made during fiscal year 1996 were awards to IBM and NCR for $218 million in point-of-sale retail equipment. This equipment will replace the integrated retail terminals currently used throughout the country. Contracts awarded during fiscal year 1996 for major equipment programs are broken down in Exhibit 6 below. The purchases listed total nearly $1.2 billion.

Automation deployments during 1996 included continued development and enhancement of the remote bar-coding system and expansion of the RBCS network, along with a substantial deployment of bar code sorters. These systems and other automation equipment not only significantly increased the number of bar codes produced, but also allowed bar coded processing of mail to carrier-walk sequence, reducing carrier-in-office time and resulting in improved service in many locations.

Exhibit 6

Postal Service Major Equipment Purchases, FY 1996

Capital Investment	Amount
Delivery Point Sequencing Bar Code Sorters	$362
Associate Office Infrastructure	16
Carrier Sequence Bar Code Sorters	36
CFS Flats Forwarding Terminals	16
Corporate Call Management	15
Delivery Bar Code Sorters	44
Delivery Unit Computer Systems	24
Integrated Mail Handling System	33
Low-Cost Optical Character Reader	43
Multi-Line OCR & Enhancements	30
Multi-Line OCR Co-Directories	10
Point-of-Service Terminals	218
120 Remote Bar-Coding Systems	59
104 Remote Bar-Coding Systems	151
Replacement of 19 BMC Process Control Systems	8
Robotics Tray Handling System Phase I	29
Small Parcel & Bundle Sorters	43
Track & Trace Development & Testing Program	2
Tray Management System Phase II	38

In $ Millions *Source: U.S. Postal Service*

Enhancements to the RBCS network included a number of equipment modifications and new deployments. A total of 155 remote computer readers (RCRs) were deployed during 1996.

RCR, which allows for off-line computer processing of handwritten addresses and mail not able to be processed through the optical character reader, was enhanced through the integration of two development changes that had reached production maturity. The first change allowed for RCR partial results to be forwarded to remote encoding centers (RECs), reducing the number of keystrokes required to finalize an image or letter. The second modification was the integration of handwriting interpretation software into RCR, a change that began in late fiscal year 1996. This modification is expected further to reduce the number of mail pieces requiring remote keying and to reduce the number of keystrokes required to finalize a mailpiece image.

The Postal Service's current and anticipated volume of automated mail processing is presented in Exhibit 7.

Exhibit 7

Automated Mail Volume, FY 1995 - FY 1998

	1995 Actual	1996 Actual	1997 Projected	1998 Projected
Automation and Retail Presort	38,348,091	38,766,002	42,289,696	43,708,650
Percent Change	2.9	1.1	9.1	3.4

In Thousands of Pieces *Source: U.S. Postal Service*

IT Contract Opportunities

The major U.S. Postal Service acquisitions summarized below are currently active:

a. Acquisition for Desktop Extended Processing Equipment II (ADEPT II)
Type: Firm Fixed Price, IDIQ
The USPS has a continuing need for PCs, peripherals and systems software for its office environment. The current DEC contract is for microcomputers, printers, disk storage, tape backup units and systems software to support the agency's DOS and Windows environment. The contract also provides a means of purchasing PC notebooks and desktop computers.

b. Enterprise-Wide Information Technology Providers
Type: TBD
The Postal Service has a requirement for support of enterprise-wide information technology solutions in the following "portfolio" areas: marketing, expedited products, international, finance, payroll, human resources and administration.

c. Worldwide Network Services
Type: Firm Fixed Price, IDIQ
The USPS has a continuing requirement for worldwide networking services currently provided by DynCorp, I-Net and ISN. This opportunity provides consulting for the design and installation of networked systems in post offices.

d. Nationwide Wireless Cellular Data Communications Service
Type: Firm Fixed Price
The U.S. Postal Service has a requirement for wireless cellular data communications service nationwide. This opportunity will enable enhancements to the USPS' mail track and trace (T&T) capabilities, while adding enhanced street performance (ESP) functions, such as two-way messaging and emergency alerts.

e. Postal Answer Line (PAL)
Type: TBD
The USPS intends to acquire automated call distributor (ACD) equipment for an automated telephone information answering system. The system will facilitate and automate the answering and routing of questions while directing more difficult questions to the correct location in the USPS.

f. Wireless Mobile Data Collection Devices (MDCD)
Type: Firm Fixed Price, IDIQ
The U.S. Postal Service has a requirement for wireless mobile data collection devices. This opportunity will provide wireless mobile data collection devices to approximately 300,000 mail carriers to scan bar codes on letters or packages. The devices will utilize the wireless cellular data communications services noted above to relay data.

g. Information Systems Support Services Recompete (ISSS-2)
Type: Firm Fixed Price, Labor Hour
The USPS has a requirement for ongoing information systems support services, primarily commercial software design and development to support USPS professional software application employees. This program will provide services in Washington, DC, Raleigh, NC, Minneapolis, MN, St. Louis, MO, San Mateo, CA and Wilkes-Barre, PA.

Major Contracts and Contractors

Exhibit 8 provides a brief overview of the major active IT contracts at the U.S. Postal Service, as well as the major contractors fulfilling the requirements at the agency. Currently, the agency has at least four major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $3.2 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the U.S. Postal Service

Program	Type	Size	Description
1. Information Systems Support Services (ISSS)	Professional Services — Unk.	$31M 5 yrs.	Litton/PRC provides business and information systems development, administrative support, research activities and maintenance in support of seven Postal Service Information Systems Service Centers throughout the nation. Awarded in October 1993.
2. Central Repair Facility Operation	Professional Services — Labor Hour	$100M 10 yrs.	Litton/PRC provides labor, management, technical expertise and materials to facilitate the repair of the Postal Service's automation hardware at the Central Repair Facility in Topeka, Kansas. Awarded in December 1993.
3. Acquisition for Desktop Extended Processing Equipment (ADEPT)	Hardware/ Software — IDIQ	$200M 5 yrs.	Digital Equipment Corp. provides the U.S. Postal Service with microcomputers, systems software and peripherals, including printers, disk storage tapes, tape backup units and CD-ROM players for its office environment. This contract serves as the Postal Service's first national IDIQ contract for such deliverables. Awarded in October 1994.
4. Government Connection Intergovernmental Kiosk Program	Hardware/ Software — IDIQ	$40M 6.5 yrs.	Digital Equipment Corp., Cordant, North Communications and IBM develop and integrate software to deploy an integrated government services system on a national platform of multimedia kiosks to provide local, state and federal government services to the public. Awarded from October through November 1995.
5. Information Systems Support	Professional Services — Unk.	$70M 5 yrs.	Amdahl provides information systems support to the USPS Production Operations Group. Services performed include systems development, VAX and NT systems support and information security. Awarded in April 1996.

Major Contracts at the U.S. Postal Service (cont.)

Program	Type	Size	Description
6. Point-of-Service Terminals (POS)	Hardware/ Software — Firm Fixed Price	$218M 4 yrs.	IBM and NCR are to provide the USPS with 73,000 POS terminals at 20,000 postal retail units by the end of 1999. The new retail systems will replace more than 63,000 outdated retail terminals. Under terms of the $119 million Phase I contract, NCR will supply 9,100 POS terminals starting in March 1997. IBM will supply the same initial number of terminals starting in May 1997 under its $99 million contract. Awarded in August 1996.
7. Digital Transmission Equipment	Network Services — IDIQ	$4M 5 yrs.	Convergent Media Systems provides a digital transmission network designed to coexist with the Postal Service's existing analog network, the Postal Satellite Training Network (PSTN). This contract satisfies the agency's increasing broadcast requirements, allowing multiple channel broadcasts simultaneously from any or all uplinks. Awarded in September 1996.
8. Distributed Systems Operational Support Contract	Professional Services — Firm Fixed Price	$42M 11 yrs.	EDS provides remote management and monitoring of computer technology in more than 7,000 postal offices nationwide, with operations centered at the USPS Central Management Facility located in Raleigh, NC. EDS provides a variety of services, including customer help desk support, systems configuration and security management. Awarded in January 1997.
9. Development Software Services for Fill-In Statements	Professional Services — Unk.	Unk.	Enterprise provides software support services to develop automated fill-in postage statements, enabling the public to fill out postage statements through the USPS Web site. Awarded in February 1997.
10. Managed Network Services (MNS)	Network Services — IDIQ	$3.0B 11 yrs.	MCI provides network and telecommunications support for the MNS program, designed to expand the current USPS network by providing dedicated connections to postal facilities through dial-up and satellite connections, and to replace the existing network's routers. MCI will provide connectivity to 10,000 sites within the first year alone. Awarded in March 1997.

Source: INPUT

Issues at the U.S. Postal Service

1. On March 26, 1997, the Postal Service awarded its largest ever telecommunications contract to MCI of McLean, VA. The firm-fixed price, IDIQ Managed Network Services (MNS) contract is to provide network services for multiple postal applications at up to 34,000 postal facilities around the nation. MCI will own and operate and possibly modify or replace the existing Postal Routed Network (PRN), a router-based network which will be expanded to link 7,000 postal sites and must be capable of adding up to 27,000 additional, smaller units. Current PRN connectivity is supplied through various regional and in-house resources.

In addition, MCI will provide deployment services for the Associate Office Infrastructure (AOI) network, including servicing and managing the network and installing LANs. AOI will exist on the MNS network. One of the major uses of the Managed Network Services contract and the Associate Office Infrastructure network will be the Postal Service's new Point-of-Service (POS) ONE retail computers supplied by IBM and NCR, which are replacing existing Integrated Retail Terminals (IRTs).

The MNS RFP was released on July 17, 1996 with bids due on September 3, 1996. Other potential bidders on the program included AT&T, Bay Networks, Cisco, CSC, EDS, I-Net, N.E.T., Sprint, TRW and WorldCom. Awarded with a 5-year base of $100 million, MNS is expected to be worth as much as $3.0 billion over its potential 11-year life. The Postal Service's National Network Service Center in Raleigh, NC, will have oversight of Managed Network Services.

2. Two recent General Accounting Office (GAO) reports highlight continued challenges to maintaining improved performance within the Postal Service (T-GGD-97-53 and T-GGD-97-88). The USPS reported that FY 1996 represented the second year in a row that its financial performance was profitable and operational performance improved, and the Postal Service's 1996 net income was $1.6 billion. Additionally, 91% of overnight mail was reportedly delivered on time during 1996.

However, GAO notes that other performance data warrants closer scrutiny of the agency's activities. One concern is that overnight delivery success is at the expense of 2-day and 3-day mail, reported at 80% and 83% on time, respectively. The Postal Service also fears continued loss of its customers to competitors and other forms of communication; during 1996, mail volume increased by approximately one-half of USPS' forecast. Containing cost is also a key challenge for the Service, which is largely attributable to lacking internal controls. According to GAO, the Postal Service's future success will depend upon controlling operating costs, strengthening internal controls and ensuring the integrity of its services.

3. In a June 18, 1997 press release, the U.S. Postal Service officially recognized what it considers to be its best suppliers across a host of service areas. Winners were chosen based on overall service performance and comments from USPS CEOs and Vice Presidents. The following highlights some of the Postal Service's most favored contractors in various service areas:

- *Large Business – Operational Services*: New Breed Leasing Corp., Greensboro, NC, provider of a wide range of logistical services, including the operation of an equipment processing center

- *Large Business – Professional & Consultant Services*: The Gallup Organization, Rockville, MD, conducted the Business Customer Satisfaction Index and other survey projects in 1996; and Professional Service Industries, Inc. (PSI), Lawrence, KS, provider of professional environmental consulting services for the past six years

- *Large Business – Manufacturing*: Digital Equipment Corp., Maynard, MA, provider of information technology, computer hardware, software, maintenance and support services to postal locations nationwide; and Storage Technology Corp., Louisville, CO, provider of computer peripheral equipment for data centers, including StorageTek automated tape cartridge library systems and associated equipment, software and maintenance

- *Small Business – Professional & Consultant Services*: National Analysts, Inc., Philadelphia, PA, performed 21 research and consulting assignments; and Sommers Communication, Inc., Woodstock, GA, provider of retail management training, other specialized training and over 1,000 seminars to postal employees in 1996

4. The Postal Service will likely begin to issue competitive task orders to correct its Year 2000 date-entry problem in the near future. While it considered a full and open or an IDIQ contract, the agency opted for basic ordering agreements (BOA) with five pre-qualified and "preferred" vendors — CSC, Unisys, SRA, Keane and SAIC — though other contractors are expected to sign agreements as well. BOAs were chosen for quicker program implementation and access to a wider range of contractors to perform the required services. Major areas to be covered under the anticipated $100 million effort include: nationwide Year 2000 strategy and planning, development and conversion of applications and systems, as well as compliance testing.

5. In an effort to improve and standardize systems development programs, the Postal Service intends to release an RFP in late July for seven long-term contracts, each to address a particular functional area within the entire agency. The initiative, known as Enterprise-Wide Information Technology Providers or "Preferred Partners," is to offer solutions in several "portfolio" areas, including marketing, expedited products, finance, international, payroll, human resources and administration. Contractors will serve as preferred suppliers/partners to provide agency-wide software development and related business solutions for the USPS. Industry sources estimate the value of this opportunity to fall between $1.0 and $3.0 billion.

6. In a recent report (GGD-97-38BR), GAO provided information on the Postal Service's post office closures and the number of closures appealed to the independent Postal Rate Commission (PRC) since 1970. The USPS has closed 3,924 post offices since 1970. Of these closures, 2,614 (67%) occurred since the 1976 amendments to the Postal Reorganization Act. Of this 67%, 296 were appealed to the PRC for various reasons. PRC affirmed the Service's proposal on 170 (57%) of these appeals, determined that it lacked jurisdiction for 31 (10%) of these appeals, which allowed the USPS to proceed with the closure, and remanded 58 (20%) of these appeals to the Postal Service, usually due to incomplete data. Proposed post office closures are typically the result of operating costs exceeding postal revenues.

7. The U.S. Postal Service continually develops and implements improved systems and system upgrades for its mail processing activities. Major developments to existing programs and significant new initiatives are highlighted in the Postal Service's annual *Comprehensive Statement on Postal Operations*. Current support for mail entry activities includes:

- *Centralized Automated Payment System (CAPS)* — The USPS' centralized payment system was expanded to accommodate all national mailers wanting to pay for mailings entered at multiple entry sites. Centralized debiting was also introduced, eliminating the need for customers to position postage funds with the Postal Service in advance of entering a mailing
- *Electronic Interfaces with Business Customers* — Several advancements to the comprehensive Direct Link project were made during 1996 aimed at building interactive exchanges of information and payment with USPS business customers. Collaboration with industry yielded electronic standards for submitting detailed mailing information and new business processes that capitalize on electronic data to streamline mail verification and acceptance. The Internet is a key component of the Direct Link effort, supporting the transfer of electronic files to and from customers, access to information about their mailings and their postage accounts, as well as access to software that supports their preparation of postage statements
- *Customer One System (COS)* — Customer One System is a common customer database that includes over 12 million businesses that either use the Postal Service presently or are potential Postal Service customers. Through COS, USPS sales forces have instant online access to complete customer account profile information through a local area network workstation or through sales force laptops. During 1996, COS deployment to all district offices, including headquarters and area offices, was completed. New developments are currently under way to improve the sales tracking and planning functions in COS

Significant new programs include:

- *Tracking System Development* — To meet customer needs for information about their time-definite shipments, the Board of Governors approved a tracking testing program. Through this effort, the Postal Service successfully migrated the core tracking infrastructure from contractor to postal management. This included the tracking database, communications infrastructure, call center and systems integration activities. New customer communications options, the Internet and electronic file transfer have also been implemented
- *Corporate Call Management* — The Corporate Call Management initiative is a comprehensive program that will centralize and integrate customer service telephone capability across the nation. During 1996, two pilot sites called Learning Centers were established to provide national support for customer inquiries about the delivery status of Express Mail packages and regional support for other information and services. These services will soon be incorporated into the new Denver NSC, which opened in late 1996. The Denver NSC will support customer-initiated telephone contact for California, Alaska, Hawaii, Washington, Oregon and Nevada. It is the first of six such centers necessary to provide national coverage. The Denver NSC will service 17% of the nation and will take a projected 39 million calls annually

On-Line Information Resources

The U.S. Postal Service maintains a World Wide Web home page accessible at http://www.usps.gov. This site is primarily a public relations site for daily postal news and events, as well as information on rates and local postal consumer information. The Postal Service also offers a "one-stop shopping" pilot Web site for its public services at http://www.wings.usps.gov/.

For Postal Service business products and services, as well as information on how to sell to the Postal Service, the agency provides a useful link at http://www.usps.gov/busctr/welcome.htm. Available resources include the USPS procurement manual, a list of specific business opportunities and information on how to submit unsolicited proposals, among others. No listing is provided for strictly IT requirements, however.

For background information on Postal Service operations and financial highlights, the agency's annual *Comprehensive Statement on Postal Operations* can be viewed on-line at http://www.usps.gov/history/.

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Agency Profile

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Department of the Army

Purpose

The Department of the Army is responsible for organizing, training and equipping active duty and reserve forces for the preservation of peace, security and the defense of the United States. The Army also administers programs that protect and restore the environment and provide disaster relief assistance for federal, state and local government agencies.

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Organization

The National Security Act of 1947 (50 U.S.C. 401) created the National Military Establishment, which designated the Department of War be renamed the Department of the Army. The National Security Act Amendments of 1949 (63 Stat. 578) provided that the Department of the Army be a military department within the Department of Defense.

As with all military departments, the operation and control of the Army are subject to the direction of the President, as Commander in Chief, and the Secretary of Defense. Authority for managing and administering the activities of the Department of the Army is delegated to the Secretary of the Army, who is appointed by the President with the advice and consent of the Senate. The Under Secretary of the Army is the primary assistant to the Secretary, who is further aided by the Assistant Secretaries, General Counsel, Administrative Assistant, the several Directors and Chiefs, the Auditor General and the Chairman of the Army Reserve Forces Policy Committee.

The Army Staff, presided over by the Chief of Staff, is the military staff of the Secretary which renders professional advice and assistance to all officials of the Army Secretariat. The Army Chief of Staff is the principal military adviser to the Secretary of the Army and is charged by him with the planning, development and execution of all Army programs. The Chief of Staff is also directly responsible for the eight major Army command units.

The department is currently directed by Secretary of the Army Togo D. West, Jr. and employs approximately 495,000 active duty military personnel and 256,000 civilian personnel. While the number of military personnel has remained constant in the past year, the civilian figure represents a 4% reduction from 1996. The Army carries out its mission at its Pentagon headquarters in Washington, DC, individual command headquarters, 46 major fort installations and other posts throughout the U.S., Japan, South Korea and at unified command headquarters in Europe.

The organizational structure of the Department of the Army is presented in Exhibit 1.

Exhibit 1

Army Secretariat Organization

Secretary of the Army

Under Secretary of the Army

- Assistant Secretary (Civil Works)
- Assistant Secretary (Financial Management and Comptroller)
- Assistant Secretary (Installations, Logistics and Environment)
- Assistant Secretary (Manpower and Reserve Affairs)
- Assistant Secretary (Research, Development and Acquisition)
- Director of Information Systems for Command, Control, Communications & Computers
- Army Chief of Staff
  - — Director of Army Staff
  - — Director of Management
  - — Director of Program Analysis and Evaluation
  - — Deputy Chief for Intelligence
  - — Deputy Chief for Logistics
  - — Deputy Chief for Operations and Plans
  - — Deputy Chief for Personnel
  - — Assistant Chief for Installation
  - — Chief of Army Reserve
  - — Chief of National Guard Bureau
  - — Chief of Chaplains
  - — Chief of Engineers
  - — Judge Advocate General
  - — Surgeon General

Source: Carroll Publishing 1997

Army Commands

Below are the primary commands within the Department of the Army:

a. Information Systems Command
The Army Information Systems Command provides information systems and services to the Army and other Department of Defense agencies for the purpose of communications, intelligence gathering and dissemination and data processing.

b. Forces Command
The Army Forces Command directs the activities and exercises of all assigned active and reserve Army forces within the continental United States and Puerto Rico. The command plans for mobilization, coordinates domestic emergency responses and exercises training supervision over the Army National Guard.

c. Corps of Engineers
The Army Corps of Engineers directs and manages the agency's real property activities; manages and executes its engineering, construction and real estate programs; and performs research and development in support of these programs. The Corps is also in charge of the Army's Civil Works Program, which is designed to protect and restore the environment and provide disaster relief assistance for federal, state and local government agencies.

d. Medical Command
The Medical Command performs health services for the Department of the Army within the United States and is further responsible for the development of medical doctrine, concepts, organizations, materiel requirements and systems in support of the Army.

e. Training & Doctrine Command
The Training & Doctrine Command prepares the Army for war and serves as its architect for the future through six major activities: doctrine development, force design, materiel requirements development, leadership development, training and mission support.

f. Operational Test & Evaluation Command
The Army Operational Test & Evaluation Command plans and conducts independent operational tests, evaluations and assessments of Army materiel and information systems to ensure their effectiveness and suitability to Army leadership. The command also performs field experiments and technology demonstrations in support of the agency's technology base.

g. Space & Strategic Defense Command
The Army Space & Strategic Defense Command combines the Army Space Command and elements of the former Strategic Defense Command to direct the Army's strategic defense matters and exploit space and strategic assets.

h. Materiel Command
The Army Materiel Command develops and provides materiel and related services to the Army, elements of unified commands, other Department of Defense agencies and to foreign agencies, as directed. Among the goals of the command are to equip and sustain a trained and ready Army, to develop and acquire non-major systems and equipment and to maintain the mobilization capabilities necessary in national emergencies.

i. Unified Commands
The Army components of the unified commands support Department of Defense directives and initiatives in international military activities. These components comprise major Army commands and consist of subordinate commands, units, activities and installations as assigned to them by Army headquarters. Major Army components of the unified commands include: U.S. Army Europe, U.S. Army Japan, Eighth U.S. Army Korea, U.S. Army Western Command, U.S. Army Atlantic Command and the U.S. Army Special Operations Command.

The organizational structure of the major Army commands is presented in Exhibit 2.

Program Activities

Below are the primary activities of the Department of the Army:

a. Military Operations and Plans
The Department of the Army carries out the overall roles and missions of the Department of Defense through military ground activities. To this end, the Army determines mid-range, long-range and regional strategy for arms control, disarmament, national security affairs, force mobilization and operational readiness.

Exhibit 2

Army Command Organization

Chief of Staff

- Information Systems Command
- Forces Command
  - — First Army - Fort George Meade, Maryland
  - — Second Army - Fort Gillem, Georgia
  - — Third Army - Fort McPherson, Georgia
  - — Fifth Army - Fort Sam Houston, Texas
  - — Sixth Army - Presidio of San Francisco, California
- Corps of Engineers
- Medical Research & Materiel Command
- Training & Doctrine Command
- Operational Test & Evaluation Command
- Space & Strategic Defense Command
- Materiel Command
  - — Industrial Operations Command
  - — Aviation & Troop Command
  - — Communications-Electronics Command
  - — Tank-Automotive & Armaments Command
  - — Test & Evaluation Command
  - — Chemical & Biological Defense Command
  - — Missile Command
  - — Security Assistance Command
  - — Soldier Systems Command
  - — Army Research Laboratory
  - — Simulation, Training & Instrumentation Command

Source: Carroll Publishing 1997

b. Personnel

The Army manages military and civilian personnel for integrated support of the agency. It administers policies and programs for manpower utilization standards, career development, equal opportunity, leadership, military housing management, as well as research and development related to training personnel.

c. Reserve Components

The Department of the Army manages individual and unit readiness and mobilization for its reserve components, comprised of the Army National Guard and the U.S. Army Reserve. Army reserve forces currently consist of approximately 226,000 people.

d. Intelligence

The Army manages activities, personnel, equipment, systems and organizations for intelligence and counterintelligence purposes. The agency also coordinates requirements for mapping, charting and geodesy and provides security for its industrial infrastructure.

e. Management-Comptrollership

The Army performs financial, management and administrative review and analysis of its programs and major commands. It administers regulatory policies and programs pertaining to the overall management of the Army, and legislative policies and programs pertaining to appropriation acts that affect the Army.

f. Research, Development and Materiel Acquisition

The Army conducts research, development and materiel acquisition activities. Activities involve planning, programming, budgeting and execution for the acquisition of materiel, as well as providing materiel life cycle management from concept phase through acquisition.

g. Information Management

The Department of the Army provides information systems and management services to all Department of Defense agencies for automation, communications, audiovisual, records management, publications and information management activities.

h. Logistics
The Army engages in logistical activities for the movement and maintenance of forces, plans and supports Army and joint service operations, offers materiel management and maintenance and provides security assistance and transportation services for all military activities.

i. Engineering
The Army conducts engineering, construction and real property maintenance activities for the welfare of military personnel and environmental preservation. The agency also gathers and disseminates topographic and geographic information, and it engineers aspects of Army strategic and operational defense plans.

j. Civil Functions
The Department of the Army manages the Civil Works Program, national cemeteries and related activities. The Civil Works Program, headed by the Army Corps of Engineers, provides water resources development and flood control throughout the U.S. Planning assistance is also provided to states and other non-federal entities for the comprehensive management of water resources, including pollution abatement works.

k. Medical
The Army provides health services for its personnel and other organizations, as directed. The agency sets health standards for military personnel, provides professional medical training and education, conducts research and materiel development of medical products and manages programs for the prevention and control of disease and environmental pollutants.

l. Inspection
The agency manages inquiries, inspections and reports on matters affecting the performance of mission and the state of discipline, efficiency, economy and morale of the Department of the Army.

m. Legal Affairs
Legal advisory services are provided by the Army for all military personnel and agencies of the Army. The Army also administers military justice and civil law matters pertaining to the Army, manages general court-martial and real property records and offers liaison services with the Department of Justice and other agencies on litigation matters and legal proceedings concerning the Army.

n. Public Affairs
The Department of the Army manages public information, command information and community relations services and programs in support of the Army's basic plans and programs.

o. Military Academy
The Army administers programs and courses that offer military career training and education, primarily through the United States Military Academy in West Point, New York. Other educational programs include the Army Reserve Officers' Training Corps (ROTC), the Judge Advocate General's Corps, the Army Historical Program and various officer candidate schools.

Program Budget

With only minor exceptions, the program budget for the Department of the Army will continue to decline from fiscal year 1996 to fiscal year 1998. In addition, the Department of the Army's share of the total Defense budget is expected to decline. The fiscal year 1996 budget for the Army provided a total obligation authority of $62.8 billion, or 25% of the total Department of Defense budget. In contrast, the anticipated $60.4 billion Army budget for fiscal year 1998 translates into 24% of the total Defense budget.

Significant program budget reductions are predicted for three account components within the Army — operations and maintenance will decline 15% from fiscal year 1996 to fiscal year 1998, family housing will decline 10% and procurement will decline 8% in the same period. An exception to the downward trend is anticipated funding for the Army Corps of Engineers, expected to experience an 8% funding increase over the period shown.

The program budget for the Department of the Army is presented in Exhibit 3. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 3

Program Budget of the Department of the Army

Program Accounts	Budget Authority by FY in $ Millions			
	1996	1997	1998	1999
Personnel	$20,335	$20,648	$20,529	$20,963
Reserve Personnel	2,129	2,052	2,024	2,064
Operations and Maintenance	20,278	17,450	17,215	16,891
Operations and Maintenance - Reserve and National Guard	3,565	3,370	3,452	3,577
Aircraft Procurement	1,540	1,346	1,162	1,241
Missile Procurement	839	1,038	1,178	1,541
Weapons and Tracked Combat Vehicles Procurement	1,486	1,486	1,066	1,475
Ammunition Procurement	1,047	1,122	891	976
Other Procurement	2,676	3,177	2,455	3,140
Research, Development, Test and Evaluation	4,700	4,931	4,511	4,497
Construction	622	564	595	697
Family Housing	1,430	1,371	1,292	1,256
Corps of Engineers	3,336	3,526	3,743	3,323
Total Program Budget	**63,983**	**62,063**	**60,113**	**61,641**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The information technology (IT) budget of the Department of the Army is anticipated to sustain a minimal 2% compound annual growth rate (CAGR) over the next several years. Small purchases of equipment and software will show the highest growth rates from fiscal years 1997 to 2002 with other categories increasing at more moderate rates. The exception is personnel, which is anticipated to experience a -3% CAGR.

Although total Army information technology funding is not expected to increase dramatically, its projected CAGR of 2% does exceed those of the Navy (1%) and the Air Force (<1%), even more impressive given the declining program budget of the department, as noted above. Information technology funding will continue to comprise an increasing share of the Army's overall budget.

The information technology budget of the Department of the Army is provided in Exhibit 4. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 4

Information Technology Budget of the Department of the Army

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$269	$265	$275	$283	$293	$305	3%
Other Purchases and Leases	53	69	74	77	79	83	9%
Total Equipment	**322**	**334**	**349**	**360**	**373**	**387**	**4%**
Software:							
Capital Purchases	53	56	47	49	51	54	0%
Other Purchases and Leases	32	35	38	40	42	44	6%
Total Software	**85**	**92**	**86**	**89**	**93**	**98**	**3%**
Services (Processing and Telecom.)	**199**	**213**	**222**	**229**	**237**	**246**	**4%**
Support Services	**487**	**532**	**536**	**562**	**593**	**629**	**5%**
Other FIP Resources:							
Capital Purchases	60	51	24	25	26	27	-14%
Other Purchases and Leases	15	14	13	13	14	15	-1%
Total Other FIP Resources	**75**	**65**	**37**	**38**	**40**	**42**	**-11%**
Contracted Out Portion of IT Budget	**1,167**	**1,235**	**1,230**	**1,279**	**1,336**	**1,403**	**4%**
Supplies	**38**	**39**	**41**	**42**	**43**	**45**	**3%**
Personnel	**488**	**478**	**487**	**467**	**444**	**417**	**-3%**
Total IT Budget	**1,694**	**1,752**	**1,757**	**1,788**	**1,823**	**1,865**	**2%**

Source: Department of the Army and INPUT

IT Contract Opportunities

The Department of the Army is currently pursuing at least 70 major IT contract vehicles. Due to the volume of anticipated programs, the acquisitions summarized below are only those with known values of more than $50 million and are in the pre-solicitation stage:

a. Corps of Engineers Automation Plan (CEAP)
Type: TBD
The Army Corps of Engineers intends to acquire general purpose ADP systems and associated peripherals in support of its field offices, laboratories and divisions nation-wide.

b. Functional Support Services (FSS-L)
Type: TBD
The Army Information Systems Software Center in Fort Lee, VA has an ongoing requirement for FIP functional support service for its Information Mission Area (IMA) program.

c. National Training Center-Objective Instrumentation System (NTC-OIS)
Type: Cost Plus Award Fee
The Army's Simulation, Training and Instrumentation Command (STRICOM) intends to acquire an objective instrumentation system (OIS) to completely replace the current instrumentation system for the National Training Center (NTC) at Fort Irwin, CA.

d. Outside Cable Rehabilitation III (OSCAR III)
Type: Firm Fixed Price, IDIQ
The Army will continue to upgrade its Outside Cable Rehabilitation program, a comprehensive effort to implement installation-wide connectivity on posts, camps and stations. Deliverables will include installation, maintenance, training and testing of cable and network interface and computers.

e. Personal Computer 3 and 4 (PC 3 and PC 4)
Type: Firm Fixed Price, IDIQ
The Department of the Army and other Defense agencies have an ongoing requirement for commercial off-the-shelf (COTS) desktop computers, peripherals and operating systems software for sustaining base and theater/tactical users. PC 3 will fulfill the Army's anticipated requirement, and PC 4 will serve as the follow-on.

f. Portables 3 and 4
Type: Firm Fixed Price, IDIQ
The Department of the Army has a continuing requirement for portables, to include laptops, notebooks, subnotebooks, personal digital assistants (PDA), office automation software and peripherals for sustaining base and theater/tactical users. Portables 3 will fulfill the Army's anticipated requirement and Portables 4 will be the follow-on.

g. Professional, Administrative and Management Support Services
Type: Time and Materials, IDIQ
The Department of the Army currently plans to acquire three separate contract vehicles for technical and business support services — two to support the National Guard Bureau, and the third to support the Software Engineering Directorate. Services will include software definition and design, business applications development, risk analysis and facilities management.

h. Small Multi-User Computer III (SMC III)
Type: Firm Fixed Price, IDIQ
The Department of the Army will acquire COTS multi-user, server and network server computer equipment, software, networking components and technical support services to fulfill ongoing Army, Navy, Air Force and Defense requirements for office automation and networking products.

i. Software Engineering and Technical Support (SWEATS)
Type: Firm Fixed Price, IDIQ
The Army intends to acquire ADP and telecommunications services to support the Army Information Systems Engineering Command (USAISEC) headquarters.

j. TROJAN Special Purpose Integrated Remote Intelligence Terminal III (TROJAN SPIRIT III)
Type: TBD
The Army intends to acquire continued secure communications and processing capabilities for its intelligence dissemination system as a follow-on to TROJAN SPIRIT II. This opportunity will provide the Army with continued intelligence dissemination to tactical Army intelligence units.

k. Warfighter Information Network (WIN)
Type: TBD
The Department of the Army intends to revamp its battlefield communications systems infrastructure. Commercial ATM switch technology will be incorporated in existing networks to increase the capacity and velocity of data dissemination.

l. Information Mission Area Support (IMA)
Type: Cost Plus Award Fee
The Army's Information Systems Command (USAISC) has a continuing requirement for Information Mission Area (IMA) support. Services will include systems engineering, design engineering, integration engineering and test and evaluation support.

Army Acquisition Profile

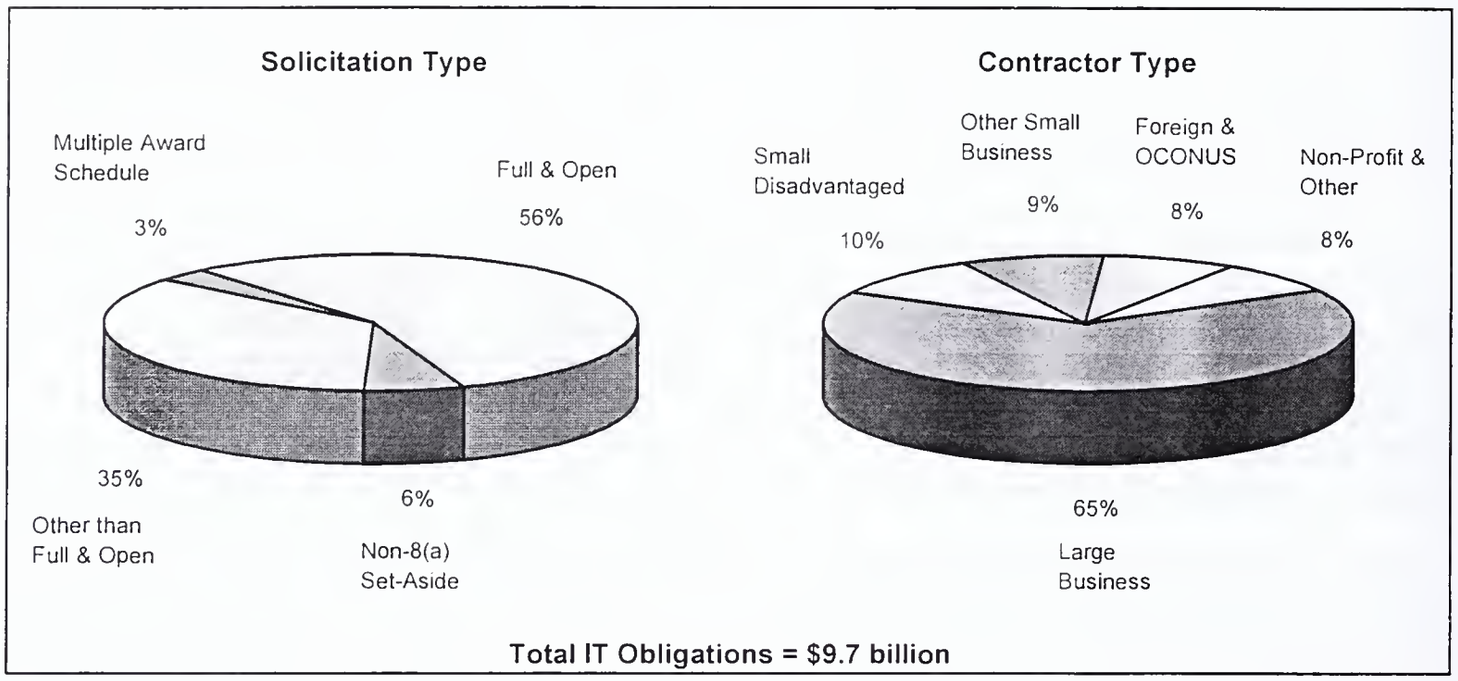
Exhibit 5 provides a graphical summary of the procurement vehicles used by the Department of the Army to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Not-for-profit educational organizations, hospitals and sheltered workshops comprise the "non-profit and other" contractor component. Foreign contractors performing work within the U.S. and domestic contractors performing work outside the continental United States (OCONUS) comprise the "foreign and OCONUS" contractor component.

Exhibit 5

Acquisition Profile for the Department of the Army

FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of the Army is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 26% of the Army's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 6

Top Contractors at the Army

FY 1996

1. Raytheon Company (E-Systems)
2. ITT Industries, Inc.
3. Lockheed Martin Corporation
4. Science Applications International Corporation
5. GTE Corporation
6. Computer Sciences Corporation
7. TRW, Inc.
8. Electronic Data Systems Corporation
9. Hughes Aircraft Company
10. Litton/PRC

Source: FPDC and INPUT

Exhibit 7

Top Department of the Army Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$1,931,734	11. Colorado	$289,868
2. California	1,172,725	12. Pennsylvania	267,088
3. Indiana	527,496	13. Alabama	213,040
4. Maryland	494,832	14. Mississippi	190,017
5. New Jersey	490,951	15. Washington, DC	116,575
6. Texas	482,569	16. Ohio	96,532
7. New York	370,793	17. New Mexico	84,469
8. Massachusetts	363,419	18. Georgia	77,227
9. Florida	342,855	19. Washington	74,417
10. Arizona	295,660	20. New Hampshire	55,537

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

The Department of the Army has at least 85 major IT contract vehicles currently in place. Due to their volume, Exhibit 8 provides a brief overview of only those contracts with known values exceeding $100 million. Currently, the agency has 44 major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $14 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the Department of the Army

Program	Type	Size	Description
1. Army Tactical Command and Control System (ATCCS)	Hardware/ Software — IDIQ	$17.0B 8 yrs.	Nine contractors provide the Army with handheld and portable computers, peripheral devices and software to develop numerous battlefield command and control systems that share and process data. Awarded from August 1989 to February 1991.
2. Reserve Component Automation System (RCAS)	Professional Services — Various	$1.6B 12 yrs.	Boeing Computer Services and CSC provide a comprehensive office automation computer network to link over 9,800 Army National Guard and Army Reserve units at 4,700 locations. Awarded from September 1990 to September 1991 .
3. Lightweight Computer Units (LCU)	Hardware/ Software — IDIQ	$430M 11 yrs.	SAIC provides ruggedized, lightweight personal computers for use in the Army's battlefield Common Hardware/Software System. Awarded in May 1991.
4. Medical Diagnostic Imaging Support System (MDIS)	Hardware/ Software — IDIQ	$325M 8 yrs.	Lockheed Martin provides the Corps of Engineers with hospital networks and imaging systems that produce, display and archive radiological images and patient data for use in health care delivery. Awarded in September 1991.
5. CONUS Telephone Modernization Program (CTMP)	Network Services — IDIQ	$573M 10 yrs.	GTE provides engineering, installation, testing and maintenance of a COTS ISDN telecommunications system to upgrade 42 Army sites within the continental United States (CONUS). Awarded in September 1991.
6. Telecommunications Modernization Program (TEMPO)	Network Services — IDIQ	$600M 10 yrs.	Bell Atlantic provides a complete digital voice administrative telecommunications system to serve 250 Department of Defense locations in the Washington, DC area. Awarded in November 1991.
7. Joint Computer Aided Logistics Services (JCALS)	Hardware/ Software — Various	$744M 15 yrs.	CSC provides the hardware infrastructure for the Army's overall CALS program. Deliverables include computer hardware, software, telecommunications equipment and professional services for 11 individual Army CALS projects. Awarded in December 1991.
8. Missile Command Information Mission Area Support Services (IMA)	Professional Services — Cost Plus Award Fee	$124M 5 yrs.	Systems Engineering Solutions, Inc. provides support services for automation, telecommunications, visual information and records management at the Army's Redstone Arsenal in Alabama. Awarded in February 1993.

Major Contracts at the Department of the Army (cont.)

Program	Type	Size	Description
9. Sustaining Base Information Services (SBIS)	Professional Services — Firm Fixed Price	$5.0B 10 yrs.	Lockheed Martin provides an enhanced replacement system for the Army's baseline configurations, and it facilitates the department-wide transfer of information processing to an open system environment. Awarded in June 1993.
10. All Source Analysis System (ASAS)	Professional Services — Cost Plus Award Fee	$115M 6 yrs.	Lockheed Martin provides systems development and operations support for the central component of the Army Tactical Command and Control System. Awarded in October 1993.
11. Automatic Identification Technologies (AIT)	Hardware/ Software — IDIQ	$249M 10 yrs.	Intermec supplies scanners, printers and associated peripheral devices to provide the Army with a common baseline of bar-code equipment for tactical and non-tactical applications. Awarded in March 1994.
12. Total Army Personnel System 2 (TAPSYS-2)	Professional Services — IDIQ	$110M 5 yrs.	Litton/PRC provides configuration and software development, maintenance and administration for the Total Army Personnel Database. Awarded in August 1994.
13. Information Mission Area Support (IMA)	Professional Services — Cost Plus Award Fee	$157M 6 yrs.	SAIC provides the Army with scientific engineering services, including systems, design and integration engineering, as well as test and evaluation support. Awarded in November 1994.
14. Army Global Command & Control System (AGCCS)	Professional Services — Cost Plus Award Fee	$167M 5 yrs.	Lockheed Martin provides for consolidation of three major Army command and control information systems to enhance interoperability, ensure software and technology reuse and minimize system duplication. Awarded in December 1994.
15. Common Hardware/ Software II (CHS II)	Hardware/ Software — IDIQ	$1.2B 15 yrs.	GTE provides hardware, software, professional services and computer processing, storage and display technology to create an integrated system of battlefield processors. Awarded in April 1995.
16. Small Multi-User Computer II (SMC II)	Hardware/ Software — IDIQ	$902M 3 yrs.	Telos Corporation provides commercial off-the-shelf microcomputer hardware, software, servers, peripherals and installation support to meet general ADP requirements within the Army, DOD and other federal agencies. Awarded in August 1995.
17. Professional, Administrative and Management Support Services	Professional Services — Time and Materials	$119M 5 yrs.	Telos provides automated battlefield systems support and engineering services for the Army's Software Engineering Directorate. Awarded in December 1995.

Major Contracts at the Department of the Army (cont.)

Program	Type	Size	Description
18. Outside Cable Rehabilitation II (OSCAR II)	Professional Services — IDIQ	$500M 5 yrs.	GTE provides installation, maintenance, training and testing of cable and network interface and computers to implement installation-wide connectivity on Army posts, camps and stations. Awarded in February 1996.
19. Major Shared Resource Centers (MSRC)	Professional Services — Cost Plus Fixed Fee	$156M 10 yrs.	Nichols Research provides systems integration services to establish complete high performance computing environments at four major Army shared resource centers. Awarded in March 1996.
20. Command, Control and Communications Technology, Engineering and Integration Support (C3 TE&I)	Professional Services — Time and Materials	$371M 5 yrs.	CSC provides systems engineering and integration support for the Army Tactical Command and Control System (ATCCS). Awarded in March 1996.
21. Personal Computer 2 (PC 2)	Hardware/ Software — IDIQ	$554M 2 yrs.	BTG and Sysorex satisfy the Army's requirements for commercial off-the-shelf single user computers for Army and DOD agencies. Awarded in October 1996.
22. SETA Research and Development	Professional Services — IDIQ	$740M 5 yrs.	CSC, Teledyne, Nichols Research and Mevatech provide the Army Space and Strategic Defense Command with system engineering and technical assistance (SETA) research and development support services. Awarded in December 1996.
23. Portables 2	Hardware/ Software — IDIQ	$237M 2 yrs.	GTSI and Sysorex provide an ordering vehicle for the Department of the Army to meet its portable computer needs. Awarded in April 1997.
24. Digital Switched Systems Modernization Program (DSSMP)	Network Services — IDIQ	$1.0B 10 yrs.	Through the Army Communications and Electronics Command, 19 vendors supply digital switch systems modernization program services for the entire Department of Defense. Awarded in June 1997.

Source: INPUT

Issues at the Army

1. Despite the questionable performance of digital communications equipment in the March 1997 Advanced Warfighting Experiment (AWE), the Army recently received an additional $1.0 billion from the Quadrennial Defense Review (QDR) for the battlefield digitization project, named Task Force XXI. A review of the battle exercise by the Pentagon was critical of the digital technologies and recommended further development and testing prior to implementation. A second and final AWE will be conducted in November 1997. The additional funds will allow the army to field a three-division digitized corps by the year 2004.

2. The Army has strongly embraced the philosophy and practices of the recent changes and reforms in the acquisition process. The Army has a pragmatic interest in making procurement cheaper and faster in order to field quickly the smaller, technologically superior "Force XXI" Army of the future. An example of progress in acquisition reform is the use of performance specifications rather than manufacturing specifications. In this process, commercial products are identified that will satisfy a requirement, as opposed to creating a unique military specification. Also, significant progress has been made in allowing lower level decision-making and in decreasing the need for high-level review of major IT purchases.

Electronic purchasing is also being used to its fullest extent — the Army is the largest user of IMPAC credit cards in the entire government. Furthermore, new acquisition planning strategies are being used, such as the Cost as an Independent Vehicle (CAIV) methodology. CAIV treats cost as a variable input in contract decisions, rather than simply as an output of the requirements and acquisition process. The Army's important Force Provider (FP) program is being developed using the CAIV approach.

3. Electronic commerce may soon be mandated for the Army's Communications-Electronics Command (CECOM) solicitations. CECOM's acquisition center is considering making the use of e-mail for solicitation communications mandatory instead of optional. Requests for proposals would be offered only in electronic form, and responses by potential vendors would be submitted by e-mail only. While this process is considered workable and in keeping with current trends, concerns have been expressed about security and the cost burden to small companies. The target date for implementation is September 1, 1997.

On-Line Information Resources

The Department of the Army maintains a World Wide Web home page accessible at http://www.army.mil. This site contains extensive information on the Army's leadership, commands, installations, programs and missions. Also provided is the 1998 Army Posture Statement, which highlights the major issues facing the Army and the current status of many of its programs. To sort through the vast number of links provided here, alphabetical indexes are provided by organization name and by subject area.

In September 1996, the Army Information Systems Selection and Acquisition Agency (ISSAA) came under the control of CECOM and is now named CECOM Acquisition Center (AC) - Washington. Its extensive

World Wide Web site at http://issaa-www1.army.mil provides information on current IT contract opportunities, Army BPA's, forecasts of upcoming acquisitions, active IT contracts, as well as links to many related publications.

The Army Acquisition Web site at http://acqnet.sarda.army.mil offers comprehensive and agency-wide acquisition information, including procurement organization, acquisition reform, business opportunities, virtual shopping, past performance and documents.

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Agency Profile

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Office of Personnel Management

Purpose

The Office of Personnel Management provides support to federal agencies through a number of programs. Focus is placed on recruiting, examining, training and promoting federal employees on the basis of skill and knowledge, regardless of race, religion, political influence, gender and other non-merit factors. The Office administers an oversight program to help agencies meet goals through effective recruitment, as well as ensuring employment and job advancement opportunities for disabled veterans. OPM is responsible for implementing regulations designed to assist dislocated and surplus employees and supporting program managers in their efforts to develop and encourage the effectiveness of the federal employee.

Table of Contents

Organization

The Office of Personnel Management was established on January 1, 1979, as an independent establishment by Reorganization Plan 2 of 1978. Many of the responsibilities of the former United States Civil Service Commission were transferred to OPM.

OPM has been supervised by the Director, James B. King, since April 1993. He is assisted by Deputy Director Janice R. Lachance, who assumed the role on August 13, 1997. The Office also has six support functions which include: the Office of the General Counsel, the Office of Congressional Relations, the Office of Communications, the Office of the Inspector General, the Office of the Chief Financial Officer and the Federal Prevailing Rate Advisory Committee.

OPM also has jurisdiction over 17 regional service centers. These centers are located across the United States and its territories. Also, a Staffing Service Center is located in Macon, GA and is responsible for ensuring support to the federal employee through the use of technology.

The Office employed approximately 3,500 people as of March 1997. This number is down 16.7% from the March 1996 level of 4,200 people. Roughly 49% of OPM's total personnel are employed in the Washington, DC area.

The organizational structure of the Office of Personnel Management is presented in Exhibit 1.

Program Activities

Below are the primary functional areas within the Office of Personnel Management:

a. Human Resources Systems Service
The Human Resources Systems Service provides HR information to federal agencies through a series of conferences, seminars and workshops. The topic of human resource management is researched through surveys of both agencies and employees, as well as conference follow-up and feedback.

The HRSS also conducts statistical analyses on a wide range of topics, including turnover rates and employee benefits usage. This data is provided to employers for HR planning purposes.

b. Employment Service
The Employment Service provides leadership and guidance to federal agencies on the improvement of employment practices as well as employment information to potential job seekers. The Service also offers support on staffing policy and guidance formulation, The Employment Service also assists individual federal agencies in managing,recruiting, hiring, placing, promoting and downsizing activities.

c. Investigations Service
The Investigations Service examines applicant and appointee fitness and suitability for federal positions.

d. Retirement and Insurance Service
The Retirement and Insurance Service administers the retirement and insurance programs for federal employees, both active and retired.

Exhibit 1

Office of Personnel Management Organization

Director

Deputy Director

Staff Offices:

- Office of the General Counsel
- Office of Congressional Relations
- Office of Communications
- Office of the Inspector General
- Office of the Chief Financial Officer
- Federal Prevailing Rate Advisory Committee

Program Offices:

- Human Resources Systems Service
- Employment Service
- Investigations Service
- Retirement and Insurance Service
- Office of Merit Systems Oversight and Effectiveness
- Office of Information Technology
- Office of Contracting and Administrative Services
- Office of Human Resources and Equal Opportunity Employment
- Office of Executive Resources

continued on next page

Office of Personnel Management Organization (cont.)

Service Centers:

- Atlanta, GA
- Chicago, IL
- Dayton, OH
- Denver, CO
- Detroit, MI
- Honolulu, HI
- Huntsville, AL
- Kansas City, MO
- Norfolk, VA
- Philadelphia, PA
- Raleigh, NC
- San Antonio, TX
- San Francisco, CA
- San Juan, PR
- Seattle, WA
- Twin Cities, MN
- Washington, DC

Source: U.S. Government Manual 1996/1997

e. Office of Merit Systems Oversight and Effectiveness
The Office of Merit Systems Oversight and Effectiveness ensures that employment practices are carried out in accordance with merit system principles. The Office investigates violations of rules and regulations through constant agency human resource management assessment.

f. Office of Information Technology
The Office of Information Technology is responsible for the oversight of all OPM systems and their functions. The office monitors the technology market and establishes policy guidance for information resource management.

g. Office of Contracting and Administrative Services

The Office of Contracting and Administrative Services is responsible for the administrative functions and support within OPM, including internal information management, financial management and procurement. The Office has oversight of all contracting activity within OPM.

h. Office of Human Resources and Equal Opportunity Employment
The Office of Human Resources and Equal Opportunity Employment is responsible for ensuring that equal opportunity employment practices are implemented government-wide as well as providing guidance to individual agencies with reference to their human resource practices.

i. Office of Executive Resources
The Office of Executive Resources supports the development of executive functions, such as executive direction, policy development, legal advice and representation and other related activities.

Program Budget

The Office of Personnel Management's federal funding is expected to remain relatively constant in most program activities over the next five years. Two activities which will experience more rapid growth are payments for employee health benefits and payments for employee life insurance benefits. Funding for payments of employee health benefits is expected to increase from $3.7 million in FY 1996 to $5.4 million in FY 2002. Similarly, funding for payments of employee life insurance benefits is expected to reach $45 million by FY 2002, up from $21 million in FY 1996. Funding for salaries and expenses is expected to remain relatively constant, reflecting the work force downsizing trend.

The program budget for the Office of Personnel Management is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Office of Personnel Management

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Civil Service Retirement and Disability Fund	$20,060	$20,892	$21,232	$21,894	$22,583	$23,345	$24,184
Employee Health Benefits Payments	3,746	3,087	4,338	4,454	4,671	5,038	5,438
Employee Life Insurance Benefits Payments	21	29	32	36	39	42	45
Office of the Inspector General	4	1	1	1	1	1	1
Salaries and Expenses	88	87	85	85	85	85	85
Total Program Budget	**23,919**	**24,096**	**25,688**	**26,470**	**27,379**	**28,511**	**29,753**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Most categories of the information technology budget of the Office of Personnel Management are expected to remain consistent with growth levels of the overall federal civilian IT budget. Areas of discrepancy include a 26.3% CAGR of capital hardware purchases for OPM as compared to the 5.5% CAGR for all averaged civilian agencies. The same holds true for capital software purchases which is expected to grow at a 22.6% CAGR. Averaged civilian agency budgets only show a 6% CAGR for software purchases. This reflects a desire by OPM to invest in more hardware and software over the next five years as it builds its IT infrastructure.

Overall, funding for personnel at OPM is expected to fall at a slower rate than that of the civilian agency aggregate. OPM's personnel budget is expected to decline at a -6.3% CAGR, as opposed to the -7.2% CAGR of the averaged civilian agency budget.

The information technology budget of the Office of Personnel Management is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Office of Personnel Management

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$2	$5	$5.3	$5.6	$6	$6.4	26.3%
Other Purchases and Leases	5	5	5.3	5.6	6	6	5.2%
Total Equipment	**7**	**10**	**10.5**	**11.1**	**12**	**12.9**	**12.9%**
Software:							
Capital Purchases	1	2	2.1	2.3	2.5	2.8	22.6%
Other Purchases and Leases	1	1	1.1	1.2	1.3	1.4	6.7%
Total Software	**2**	**3**	**3.2**	**3.5**	**3.8**	**4.2**	**15.8%**
Services (Processing and Telecom.)	**2**	**2**	**2.1**	**2.2**	**2.4**	**2.6**	**5.2%**
Support Services	**15**	**19**	**20.7**	**22.8**	**25.3**	**28.3**	**13.6%**
Contracted Out Portion of IT Budget	**26**	**34**	**36.5**	**39.6**	**43.4**	**47.9**	**13%**
Supplies	**1**	**1**	**1.1**	**1.1**	**1.2**	**1.3**	**5.2%**
Personnel	**19**	**20**	**18.8**	**17.3**	**15.6**	**13.7**	**-6.3%**
Total IT Budget	**46**	**55**	**56.4**	**58**	**60.1**	**62.9**	**6.5%**

Source: Office of Personnel Management and INPUT

IT Contract Opportunities

The major Office of Personnel Management acquisition summarized below is currently active:

Information Technology Services
Type: Firm Fixed Price, IDIQ
The Office of Personnel Management intends to acquire information technology management and technical support services consisting of programming and testing for new and existing mainframe and microcomputer applications.

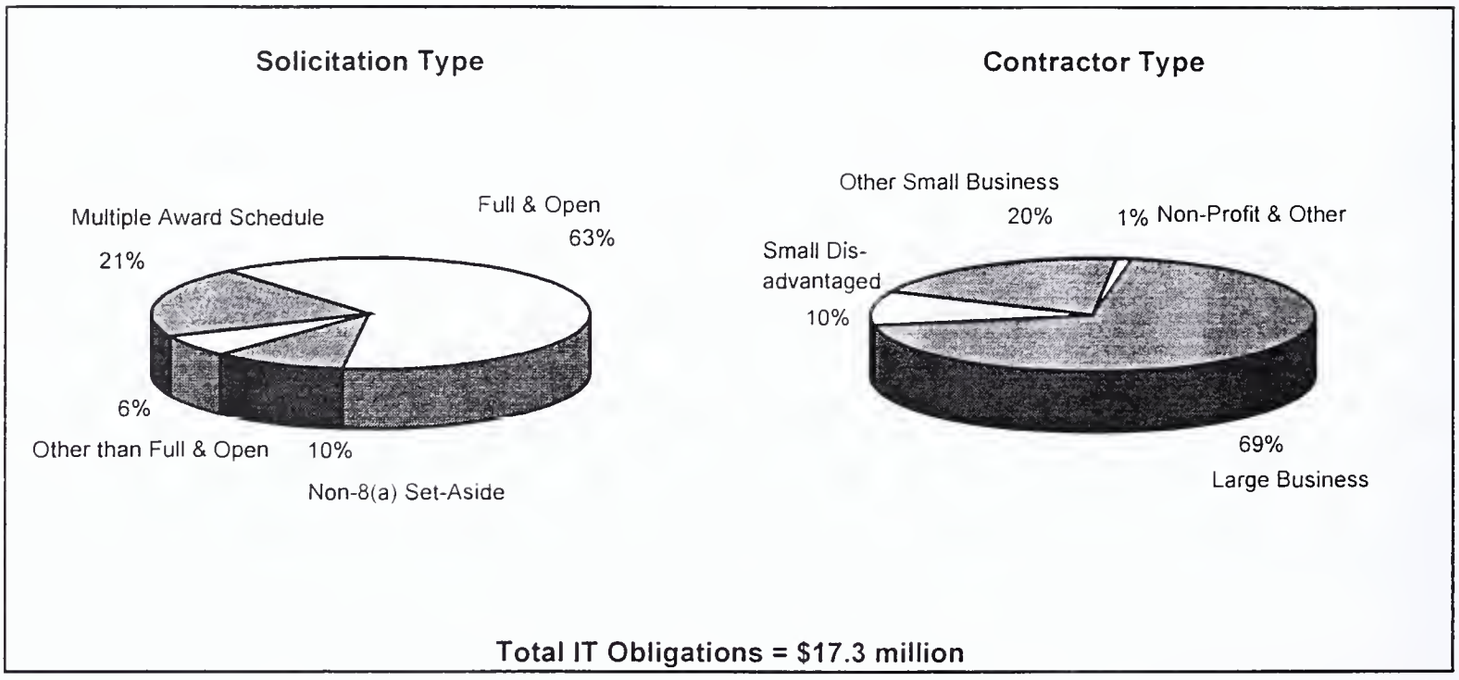
OPM Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by OPM to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases.

Exhibit 4

Acquisition Profile for the Office of Personnel Management
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Office of Personnel Management is provided in Exhibit 5. Exhibit 6 lists the top 8 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC comprised 71.5% of OPM's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at OPM
FY 1996

1. Computer Sciences Corporation
2. Applied Management Systems
3. Symbol Computer Corporation
4. Dell Computer Corporation
5. Compuware Corporation
6. Bell Atlantic
7. IBM Corporation
8. Software AG
9. National Computer Systems
10. Fairchild Communications Services

Source: FPDC and INPUT

Exhibit 6

Top OPM Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Washington, DC	$12,354	5. Virginia	$416
2. North Carolina	1,427	6. California	290
3. Georgia	1,410	7. Pennsylvania	177
4. Texas	1,066	8. Maryland	86

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Office of Personnel Management. Currently, the agency has three major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $112.5 million. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Office of Personnel Management

Program	Type	Size	Description
LAPTOP COMPUTERS	Portables-- Firm Fixed Price, IDIQ	$ 8.5 M 5 years	Centel Federal Systems is providing the Office of Federal Investigations (OFI) with a minimum of 400 units with the potential of 1,000 units. Awarded in October, 1992

continued on next page

Major Contracts at the Office of Personnel Management (cont.)

FEDERAL EMPLOYEES RETIREMENT SYSTEM AUTOMATED PROCESSING SYSTEM (FAPS)	Software Products	$ 100 M 8 years	CSC is in the process of implementing a new, automated recordkeeping system. CSC will perform the general design, including functional requirements, technical requirements, hardware/software requirements, and agency reporting requirements; develop and implement the system; provide a production facility; and provide ADP operational support and software and hardware maintenance for one year after full implementation. Awarded in January, 1993
ON-SITE SYSTEMS SOFTWARE SUPPORT SERVICES	Software Products-- Firm Fixed Price, IDIQ	$ 4 M 5 years	Compuware provides the Office of Personnel Management with on-site systems software support services. Awarded in March, 1996

Source: INPUT

Issues at the Office of Personnel Management

1. The Office of Personnel Management announced in June that they are devising a set of new qualifications for contracting officers in civilian agencies. Those employees hired into the GS-1102 job category, which includes contract administrators and specialists will have to meet higher education standards which include the possession of a college degree. This change follows a 1990 move by the Defense Department to do the same.

Employees who currently hold a position will still qualify for new positions for the next two years. After this period, all employees seeking positions above the GS-12 level will be required to meet the new standards.

This move by OPM is mainly based on recent reforms in the area of procurement which will result in the need for more discretionary decision making on the part of the contracting staff.

2. August 11, 1997 marked the debut of OPM's new electronic bulletin board system, known as OPM ONLINE. The bulletin board will still contain information specific to policies, programs and issues; however, new enhancements include a topical forum index, consolidation of forums and materials and the separation of job information from human resources policies and programs.

Job information is now available on the Governmentwide Employment Information System, which includes the USAJobs website as well as an automated telephone system and touch-screen kiosks.

3. James B. King has resigned his position as Director of OPM effective by September 1, 1997. King has directed OPM for more than four years. He will be replaced in the interim by Janice Lachance until another director is appointed.

On-Line Information Resources

The Office of Personnel Management maintains a World Wide Web site accessible at "http://www.opm.gov/". This site contains extensive information on activities and OPM's role in current events, press releases.

For potential vendors interested in business opportunities, OPM's Procurement Home Page is accessible on the Internet at http://www.opm.gov/procure/index.htm/". Available at this site are recurring procurements and small business goals as well as current and pending solicitations.

Access to OPM ONLINE is available by dialing (202) 606-4800 from a personal computer.

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* Until September 1, 1997

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INPUT

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- Immediate answers to questions
- On-site presentations
- Electronic delivery
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Databases

- Software and Services Market Forecasts
- Software and Services Vendors
- U.S. Federal Government
  - ⇒ Market Forecasts
  - ⇒ Agency Profiles
  - ⇒ Procurement Analysis (PAR)
  - ⇒ Awards (FAIT)

Custom Projects

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- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

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- Specific vendor capabilities
- Outsourcing options
- Systems plans
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Agency Profile

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General Services Administration

Purpose

The General Services Administration (GSA) is one of three central management agencies in the federal government. GSA primarily establishes policy for, and strives to provide economical and efficient management of, federal property and records. GSA's tasks include the construction and operation of buildings; procurement and distribution of supplies; utilization and disposal of property; transportation, traffic and communications management and management of government-wide automatic data processing resources.

Table of Contents

Organization

The General Services Administration was established on July 1, 1949 by Section 101 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 751).

GSA is headed by the Administrator, David Barram, who is appointed by the President with the advice and consent of the Senate. The Administrator is aided by the Deputy Administrator as well as the Chief of Staff. Under the direction of the Administrator, 15 functional offices carry out the primary program activities of the General Services Administration.

GSA is headquartered in Washington, DC and is further comprised of several field offices that report directly to 11 regional offices. Regional offices and their respective headquarters are presented in Exhibit 1.

Exhibit 1

GSA Regional Offices

New England Region 1	Boston, MA
Northeast and Caribbean Region 2	New York, NY
Mid-Atlantic Region 3	Philadelphia, PA
Southeast Sunbelt Region 4	Atlanta, GA
Great Lakes Region 5	Chicago, IL
Heartland Region 6	Kansas City, MO
Greater Southwest Region 7	Fort Worth, TX
Rocky Mountain Region 8	Denver, CO
Pacific Rim Region 9	San Francisco, CA
Northwest and Arctic Region 10	Auburn, WA
National Capital Region 11	Washington, DC

Source: GSA

The General Services Administration employs approximately 14,400 people as of March 1997. This level is significantly lower than its March 1996 level of approximately 15,700 employees, which is reflective of an on-going trend to return power and activities to individual agencies away from GSA.

The organizational structure of the General Services Administration is presented in Exhibit 2.

Exhibit 2

GSA Organization

Administrator
Deputy Administrator
Chief of Staff

- Federal Supply Service
- Office of Government-wide Policy
- Federal Telecommunications Service
  - — FTS2000
  - — Local Telecommunications
- Equal Employment Opportunity
- Enterprise Development
- Acquisition Policy

GSA Organization (cont.)

Chief Information Officer
- — Emerging Technology Implementation
- — Information Security
- — Information Technology Integration
- — Resource Management

- Public Buildings Service
- Chief Financial Officer
- General Counsel
- Board of Contract Appeals
- Inspector General
- Congressional and Intergovernmental Affairs
- Public Affairs
- Management Services and Human Resources

Source: U.S. Government Manual 1996/1997

Program Activities

Below are the primary functions of the General Services Administration:

a. Acquisition Policy
While its oversight responsibilities have been consolidated with other offices, the Office of Acquisition Policy reviews major agency acquisition plans, manages the agency's internal system for the suspension and debarment of nonresponsive contractors, manages the Multiple Award Schedule Program and Federal Procurement Data System and aids in development and administration of the Federal Acquisition Regulations (FAR).

b. Enterprise Development
The purpose of the Office of Enterprise Development is to promote and facilitate programs and activities that improve opportunities for small, minority and women-owned businesses to participate in GSA contracting nation-wide. In order to accomplish this, the office plans, implements and evaluates comprehensive agency-wide

procurement preference programs, including the Small Business Program, the Women in Business Program, the Minority Business Enterprise Program, the Subcontracting Program and the Mandatory Source Program.

c. Board of Contract Appeals
The General Services Administration Board of Contract Appeals (GSBCA) is responsible for resolving disputes arising out of contracts with specified government agencies. The Board was also empowered to hear and decide protests arising out of automatic data processing procurements government-wide, a function which has since been transferred to the General Accounting Office.

d. Ethics
The Office of Ethics is responsible for developing and directing the agency's programs governing employee standards of ethical conduct.

e. Equal Employment Opportunity
The Office of Equal Employment Opportunity is responsible for the agency's equal employment opportunity program.

f. Federal Telecommunications Service
GSA's Federal Telecommunications Service (FTS) plans, directs and coordinates programs and contracts to provide federal agencies with local and long-distance telecommunications services. Two major components of the FTS include:

- *FTS2000* The Office of Federal Telecommunications System 2000 (FTS2000) provides common-user, long-distance telecommunications services to the federal government. The FTS2000 program offers integrated voice, data and video telecommunications. It also provides leadership, policy, program direction and program oversight for ensuring a timely and cost-effective program for telecommunications services.
- *Local Telecommunications Services* — This service offers agencies a non-mandatory, low cost vehicle for purchasing local telecommunications services. The service is presently moving forward with an aggregated systems procurement program that replaces local telecommunications systems and upgrades service at selected locations nation-wide.

g. Office of Government-wide Policy
The Office of Government-wide Policy was established by the General Services Administration to replace the policy offices in GSA's three main branches—the Information Technology Service, the Public Buildings Service and the Federal Supply Service. As part of an on-going effort to consolidate GSA's program activities, this office is responsible for the guidance and leadership of information technology, acquisition policy, workplace initiatives, transportation and personal property, real property, the Regulatory Information Service and the Federal Domestic Catalog.

h. Office of the Chief Information Officer
While being consolidated with the Office of Government-wide Policy, the Office of the Chief Information Officer (formerly the Information Technology Service) currently remains responsible for the administration and coordination of a government-wide program for the management, procurement and utilization of automated data processing equipment and services. It also administers programs to improve federal records and information management practices, and provides information to the public through the Federal Information Center. Major functions of this office are:

- *Information Security* — The Office of the Chief Information Officer provides world-wide support to all government activities conducting sensitive and classified national

security, diplomatic and Department of Defense missions. Support services offered include technical expertise, personnel, logistics, training and facilities necessary to manage critical government communications.

- *Emerging Technology Implementation* — The Office of Emerging Technology administers programs that promote the identification, development and use of current and emerging technologies in the federal government. The office also serves as the general program office for the Electronic Commerce, Electronic Mail, Information Technology Accommodations and the Security Infrastructure Program Management Office.

- *Resource Management* — The Office of Resource Management consolidates financial, administrative, planning and communications functions within GSA.

- *Information Technology Integration* — The Office of Information Technology Integration (ITI) provides technical and contracting assistance to all federal agencies through three complementary programs—Federal Systems Integration and Management System (FEDSIM), Federal Computer Acquisition Center (FEDCAC) and Federal Information Systems Support Program (FISSP). This assistance is provided on a reimbursable, nonmandatory basis to agencies utilizing the system.

i. Specialized Data Centers

The General Services Administration operates several programs that collect and maintain information on equipment of interest to the public and private sectors.

- *Federal Procurement Data Center* — The Center provides information regarding goods and services bought by the federal government. It is a unique source of consolidated information about federal purchases, and the data is readily available through reports prepared by the Center.

- *Federal Equipment Data Center* — The Federal Equipment Data Center operates the Automatic Data Processing Equipment Data System Program, which collects and maintains information regarding general-purpose processing equipment being used by the federal government.

j. Federal Supply Service

The Federal Supply Service (FSS) offers guidance and service delivery to ensure the federal government's requirements for personal property and administrative services are effectively met at the least overall cost to the taxpayer. Major FSS components include:

- *GSA Advantage!* — The Federal Supply Service provides this on-line buying service exclusively for federal government users and offers a host of commercial items, including wholesale stock items, special order items and Federal Supply Schedule items. Schedule items currently being added to GSA Advantage! include telecommunications and automatic data processing (ADP) supplies, ADP processing equipment, as well as construction and building materials. All GSA supply schedules are expected to be included in this service by the end of fiscal year 1997.

- *Interagency Fleet Management System* — FSS provides motor vehicles and related management services to federal agencies through the Interagency Fleet Management System (IFMS).

- *Personal Property Service* — The Federal Supply Service sells unneeded federal property, transfers it to other federal agencies and donates it to state and local governments and non-profit institutions for public benefit through its personal property program.

- *Travel Service* — FSS manages and has oversight of travel services for all federal employees. Travel arrangements are handled by 140 commercial travel agencies under contract with GSA.

- *Transportation Audits* — The Office of Transportation Audits provides audit services and policy guidance to assure that charges paid by agencies for freight and travel services are both proper and accurate.

- *Freight Transportation Service* — The freight transportation program provides various types of freight services to many civilian agencies, which is supported by an automated tracking and routing system.

- *Customer Service* — The Federal Supply Service is involved in customer support programs to provide assistance in utilizing its services, such as the commercial credit card program and the electronic data interchange (EDI) support program.

k. Public Buildings Service

The Public Buildings Service (PBS) is responsible for the design, construction, management, operation, alteration, extension and remodeling of federally-controlled buildings, owned and leased, in which accommodations for government activities are provided. Executive Order 12512, dated April 12, 1985, gave PBS the responsibility to provide leadership in the development and maintenance of property management information systems for the government. Major functions of the PBS are:

- *Property Management* — The Office of Property Management develops and administers programs to manage and operate government-owned and leased property, including occupancy agreements with client agencies, and provides oversight of delegations of authority to agencies for the operation and management of government-owned and government-operated buildings.

- *Property Disposal* — The Office of Property Disposal develops and administers programs related to the utilization or disposal of excess and surplus real property. The office also directs the development of a national plan to market properties and buildings.

- *Federal Protective Service* — The Office of the Federal Protective Service develops and administers guidelines and standards for uniformed force operations, investigates criminal offenses not involving GSA employees and conducts limited pre-appointments. The Service coordinates with appropriate Federal Emergency Management Agency representatives for security and law enforcement requirements.

- *Commercial Broker* — The Commercial Broker acquires real property through leases and purchases and directs the development of procedures and specifications related to real property acquisitions, including leasing, building purchases and site acquisition.

- *Fee Developer* — The Office of the Fee Developer directs and coordinates the nation-wide operation of the Fee Developer within PBS. This office represents the Fee Developer in agency dealings of national scope with other executive branch agencies, the legislative and judicial branches, as well as other government and private-sector interests.

- *Portfolio Management* — The Office of Portfolio Management coordinates and evaluates the programs, functions and activities of the portfolio management business line at the national level.

- *Business Development* — The Office of Business Development, among others, administers and manages the National Account Executive and Regional Account Manager programs, facilitates the development of strategic partnerships with client agencies and performs research and analysis of PBS' long-term strategic and business direction.

Program Budget

The program budget for the General Services Administration will remain relatively constant over the next five years, with some minor decline in size. One major exception is funding in the area of Real Property Activities. The large amount of funding in FY 1997 and FY 1998 is mainly due to an increased appropriation in both the Land Acquisition and Development Fund and the Federal Buildings Fund.

The program budget for the General Services Administration is presented in Exhibit 3. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 3

Program Budget of the General Services Administration

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Real Property Activities	$70	$553	$87	$3	$3	$3	$3
Supply and Technology Activities	14	15	11	10	8	8	8
Policy and Operations	119	118	104	105	105	105	105
Office of Inspector General	33	34	34	32	32	32	32
Consumer Information Center Fund	2	2	2	2	2	2	2
Allowances and Office Staff for Former Presidents	2	2	2	2	2	2	2
Total Program Budget	**240**	**730**	**240**	**154**	**152**	**158**	**152**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at the General Services Administration is projected to increase from $3 billion in FY 1997 to $4.8 billion in FY 2002 at a CAGR of 9.5% — 4% higher than the average for federal civilian agencies. This substantial growth will be primarily driven by the strong anticipated market for support services (10.5% CAGR). The support services component represents 96.9% of the addressable portion of GSA's IT budget (all funds less supplies and personnel). The department's total addressable budget is expected to increase steadily from $2.9 billion in FY 1997 to $4.7 billion in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of GSA is provided in Exhibit 4. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 4

Information Technology Budget of the General Services Administration

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$87	$72	$75.6	$80.1	$85.7	$92.6	1.3%
Other Purchases and Leases	6	5	5.3	5.6	6	6.4	1.4%
Total Equipment	**93**	**77**	**80.9**	**85.7**	**91.7**	**99**	**1.3%**
Software:							
Capital Purchases	10	11	11.8	12.7	13.9	15.2	8.8%
Other Purchases and Leases	1	1	1.1	1.2	1.3	1.4	6.7%
Total Software	**11**	**12**	**12.9**	**13.9**	**15.1**	**16.6**	**8.6%**
Services (Processing and Telecom.)	**26**	**24**	**25.2**	**26.7**	**28.6**	**30.9**	**3.5%**
Support Services	**2,745**	**3,029**	**3,301.6**	**3,631,8**	**4,031.3**	**4,515**	**10.5%**
Contracted Out Portion of IT Budget	**2,875**	**3,142**	**3,420.5**	**3,758**	**4,166.7**	**4,661.5**	**10.2%**
Supplies	**7**	**8**	**8.4**	**8.9**	**9.5**	**10.3**	**8%**
Personnel	**156**	**152**	**142.9**	**131.5**	**118.3**	**104.1**	**-7.8%**
Total IT Budget	**3,038**	**3,302**	**3,571.8**	**3,898.4**	**4,294.5**	**4,775.9**	**9.5%**

Source: GSA and INPUT

IT Contract Opportunities

The major General Services Administration acquisitions summarized below are currently active:

a. Seat Management
Type: IDIQ
The Federal Computer Acquisition Center (FEDCAC) intends to acquire desktop computing as a service. All services will be acquired as a utility and will be paid for by the seat.

b. Metropolitan Area Acquisition
Type: TBD
The General Services Administration and the Interagency Management Council have developed a Metropolitan Area Acquisition for achieving immediate benefits, such as price reduction and better services, from the emerging competitive local telecommunications market. The MAA will be an interagency acquisition and contractual umbrella contract offering dial-tone, voice and data services, and interconnecting Synchronous Optical Network (SONET) broadband ring access arrangements.

c. FTS 2001
Type: Firm Fixed Price, IDIQ
This program will provide follow-on telecommunications services to the current FTS 2000 contract. The contract will be used to acquire comprehensive telecommunications service contracts, switched data and value-added services contracts and wireless services contracts.

d. FEDSIM's Computing and Communications Recovery Services
Type: IDIQ
The General Services Administration's Federal Systems Integration and Management Center (FEDSIM) intends to acquire computing and communications recovery services. The resulting contracts will be available to all federal agencies.

e. Facilities Management Services for Regions 9 & 10
Type: TBD
The General Services Administration has a continuing need for facilities management services in Region 9 (California, Arizona, Nevada and Hawaii) and Region 10 (Oregon, Idaho, Washington and Alaska).

f. ADP Support Services - Mid-Atlantic Region
Type: Firm Fixed Price, IDIQ
The General Services Administration Mid-Atlantic Region is procuring ADP support services on behalf of the federal organizations located in the region.

g. ADP Support Services - Eastern Region
Type: Cost Plus Fixed Fee
The General Services Administration Eastern Region is procuring on-going facilities management services for federal organizations located in the region.

h. Security and Law Enforcement Management System
Type: TBD
The General Services Administration, Public Buildings Service (PBS), Office of Federal Protective Service (FPS) is seeking to acquire commercial-off-the-shelf (COTS) software for relational database management that will run on both the desktop and the server.

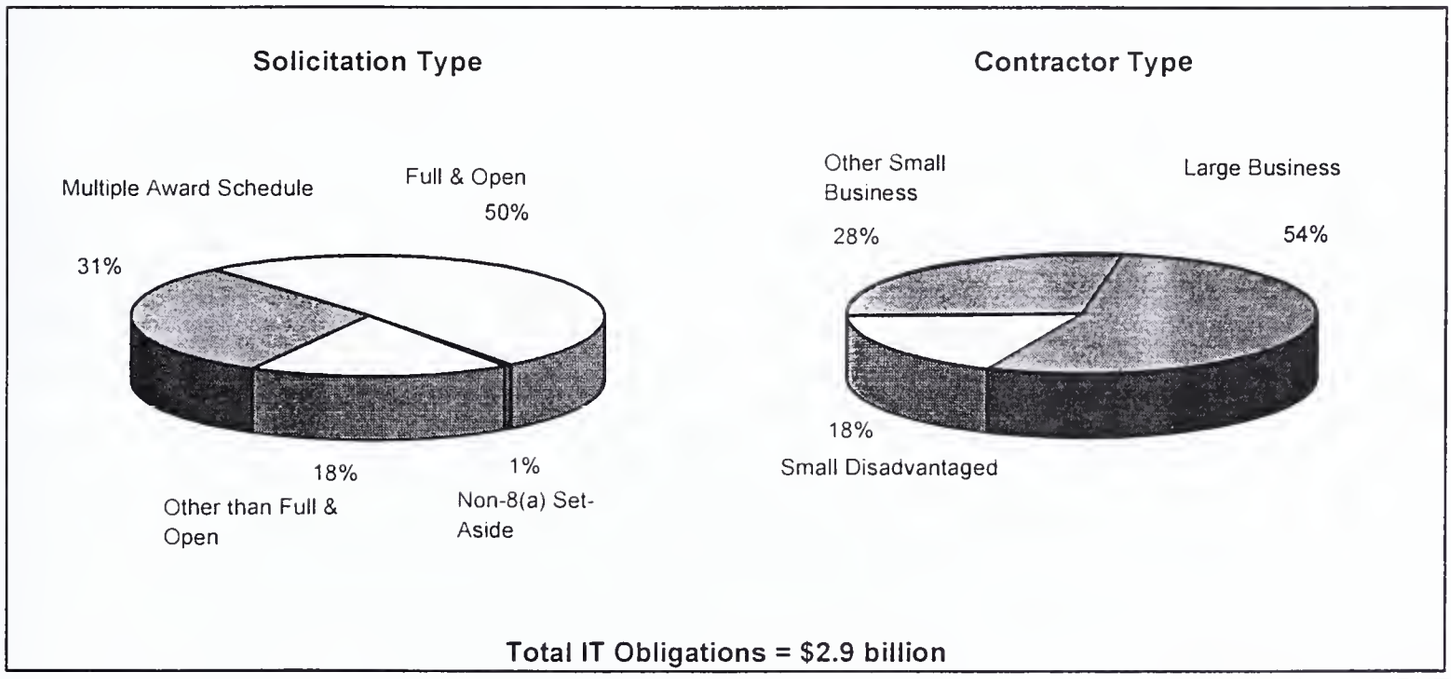
GSA Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the General Services Administration to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases.

Exhibit 5

Acquisition Profile for the General Services Administration
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the General Services Administration is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Virginia comprised 66.6% of GSA's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 6

Top Contractors at GSA
FY 1996

1. AT&T Corporation
2. GTSI
3. Worldwide Technology Inc.
4. Planning Technologies Inc.
5. Computer Data Systems Inc.
6. Gateway 2000
7. US Sprint
8. Ogden Corporation
9. DC Information Systems Inc.
10. Applied Technology Association

Source: FPDC and INPUT

Exhibit 7

Top General Services Administration Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$1,945,110	11. New Jersey	$17,227
2. Missouri	149,780	12. Massachusetts	16,703
3. Maryland	148,011	13. New York	13,875
4. Washington, DC	128,603	14. Louisiana	11,815
5. California	104,555	15. Hawaii	11,353
6. Georgia	101,172	16. New Mexico	9,626
7. Texas	64,185	17. Arizona	8,514
8. South Dakota	48,576	18. Alabama	6,959
9. Oklahoma	46,886	19. Illinois	6,377
10. Colorado	36,044	20. South Carolina	5,345

All figures in $ Thousands

Source: FPDC and INPUT

Major Contracts

Exhibit 8 provides a brief overview of the major active IT contracts at GSA. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the General Services Administration

Program	Type	Size	Description
TECHNICAL SERVICES CONTRACT 2 (TSC II)	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 58 M 5 years	Booz-Allen & Hamilton provide the General Services Administration (GSA) with telecommunications technical support services to support the GSA and other federal agencies worldwide. Awarded in September, 1992
FIP SUPPORT SERVICES FOR THE RESERVE COMPONENT AUTOMATION SYSTEM (RCAS FIPS)	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 40 M 5 years	EER Systems provides systems integration and related services to the Army's Reserve Component Automation System through GSA's Office of Technical Assistance. Awarded in December, 1993
NATIONWIDE FEDERAL INFORMATION CENTER (FIC)	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 18.7 M 5 years	Biospherics provides for the management and maintenance of the Federal Information Center (FIC) run by the Information Resources Management Service (IRMS). Awarded in June, 1994
BUSINESS APPLICATIONS FOR FISSP PACIFIC ZONE	Applications Software Firm Fixed Price, IDIQ	$ 126.8 M 5 years	Ogden Government Systems provides on-going Business Applications services for the Pacific Zone. Awarded in April, 1995
FACILITIES MANAGEMENT FOR THE FISSP WESTERN ZONE	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 81.2 M 5 years	Tri-Cor Industries provides ADP Facilities Management Services for the GSA Information Resource Management Service (IRMS), Western Zone. Awarded in June, 1995

Major Contracts (cont.)

PURCHASE OF TELECOMMUNICATIONS SERVICES - REGION 7 (POTS)	NETWORK/TELCOM SERVICES Firm Fixed Price, IDIQ	$ 25.3 M 5 years	Tenmark Telecommunications provides installation, repair, relocation, alteration and wiring of customer premise equipment and identical government-owned equipment in the Greater Southwest Region. Awarded in August, 1995
FEDSIM MULTIPLE AWARD INDEFINITE QUANTITY CONTRACTS RECOMPETITION (FEDSIM)	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 840 M 5 years	Advanced Systems Technology, Booz-Allen & Hamilton, CSC, Dynamics Research Corp., VanDyke & Associates, SAIC, SRA and VGS provide federal agencies with a vehicle for purchasing services related to software management and development, satellite and data communications, FIP acquisition support and business process reengineering. Awarded in December, 1995
TECHNICAL SERVICES CONTRACT 2 (TSC II)	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 58.3 M 5 years	Booz-Allen & Hamilton provides the General Services Administration (GSA) with telecommunications technical support services to support the GSA and other federal agencies worldwide. Awarded in September, 1996
FEDERAL WIRELESS TELECOMMUNICATIONS SERVICES (FWTS)	NETWORK/TELCOM SERVICES Firm Fixed Price, IDIQ	$ 300 M 8 years	GTE provides wireless telecommunications services to government agencies in the United States (contiguous United States, Alaska, Hawaii, Guam, Virginia Islands, and Puerto Rico). Awarded in November, 1996
ADP TECHNICAL SUPPORT SERVICES FOR BUSINESS/SCIENTIFIC SERVICES	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 310 M 5 years	CDSI ITS provides the General Services Administration (GSA) with ADP technical support services in GSA Region 7. Awarded in February, 1997
FEDSIM'S DATA CENTER SERVICES (FEDCAC 111)	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 6 B 10 years	CSC, SunGard and Unisys provide the General Services Administration's (GSA) Federal Systems Integration and Management Center (FEDSIM) with quick, low cost alternatives for obtaining commercial data processing services. Awarded in February, 1997

Major Contracts (cont.)

COMMERCE INTERNET ELECTRONIC MAIL ACCESS ACQUISITION (CINEMA)	NETWORK/TELCOM SERVICES IDIQ	$ 600 M 5 years	BTG and Advantis provide the General Services Administration's FTS2000 Office with electronic commerce, internet and electronic mail services. Awarded in April, 1997
ADP SUPPORT SERVICES	PROFESSIONAL SERVICES Firm Fixed Price, IDIQ	$ 121 M 5 years	Signal Corp. is satisfying the General Services Administration (GSA) Mid-Atlantic Region's requirement for ADP Support Services. Awarded in June, 1997
INTERNATIONAL DIRECT DISTANCE DIALING (ID3)	NETWORK/TELCOM SERVICES Firm Fixed Price, IDIQ	$ 50 M 5 years	AT&T provides the General Services Administration (GSA) with outbound International Direct Distance Dialing services to GSA consolidated switchboards, as well as other agencies in the United States. Awarded in July, 1997

Source: INPUT

Issues at the General Services Administration

1. Although the Information Technology Management Reform Act (ITMRA) shifted the statutory role for information technology acquisitions and bid protests from GSA to the Office of Management and Budget (OMB), GSA is a leading player in supporting recent government initiatives in procurement reform.

A GSA advisory group, the Information Technology Resources Board (ITRB), conducts peer review of major IT system initiatives at the request of the OMB and agencies and publicizes promising practices and lessons learned. The ITRB acts as a consulting group to assist in the acquisition, development, and management of major information systems.

A second GSA initiative in response to procurement reforms has been the establishment of the Federal Supply Schedule Program (FSSP). The FSSP mirrors commercial buying practices more than any other procurement process in the federal government today. Another program, the GSA Multiple Award Schedules (MAS), covers contracts awarded to contractors supplying comparable commercial supplies and services at varying prices.

The Information Technology Council (ITC) was organized by the GSA to provide technical review of information projects under consideration for the upcoming budget year. The council ensures all projects are effectively analyzed and all technical information needed to make a priority decision is present in the package.

2. The GSA is promoting an incremental approach to major IT system acquisitions known as modular contracting. The premise is to divide large procurements into

modules, thereby establishing sequential stages and allowing agencies to absorb and test a stage before moving on to the next. The possibility of being locked into obsolete technology is reduced if each increment is kept narrow in scope and as brief in time as possible. The 1996 Information Technology Management Reform Act (ITMRA) mandates that the Federal Acquisition Regulation (FAR) Council incorporate modular contracting procedures in the FAR. The GSA is developing standards and a best practices guide. A white paper has been developed and the executive summary has been posted on the World Wide Web at "http://www.itpolicy.gsa.gov" , along with instructions for obtaining a copy of the complete document.

3. The GSA's procurement for worldwide long-distance telecommunications service, FTS2001, is one of the largest non-defense procurements ever awarded by the government. Up to three large contracts could result with a value of up to $15 billion over the potential 8 year life of the contracts. The new contract, managed by GSA's Federal Telecommunications Services (FTS), will replace the current FTS2000 contracts, which expire in December 1998. The magnitude of FTS2001 could seriously affect the future of the three major telephone carriers, AT&T, MCI and Sprint. More than 100 phone companies are expected to submit bids and the contest is seen as a test of industry competitiveness in the wake of recent telecommunications reforms. While the government expects rate reductions as a result of the bidding competition, it is not clear that the reductions will also extend to residential rates.

The bid deadline for FTS2001 has been moved ahead to October 29, 1997. Potential bidders had complained that the RFP did not represent commercial practices as required by federal regulations. Meetings were held in July and August with MCI, Sprint and AT&T to address concerns. The delay results in a very short period for GSA to award and implement the multiple contracts before the final extensions to FTS2000 expire.

A related GSA acquisition, the metropolitan area acquisition (MAA), will provide local telecommunications service in selected metro areas. Through the MAA, the GSA expects to achieve immediate, substantial and sustained price reduction for local service. The New York, Chicago, and San Francisco metropolitan areas have been selected as the first sites in the MAA program.

4. Although currently GSA leases less than 10% of its IT, leasing is expected to have a heavy emphasis in the near future. GSA estimates that as much as 30% of all GSA IT needs will be satisfied through leasing by FY 2000. Leasing of computers and IT products through the GSA schedule, now permitted by GSA, should result in a dramatic increase in leasing activity.

An issue in leasing technology to government customers is the ability of agencies to cancel leases with little notice and for what vendors see as flimsy reasons. The cancellation of a lease means all the equipment involved is returned, causing inventory problems for the vendor. The Information Technology Association of America (ITAA) has asked the OMB Office of Federal Procurement Policy to review the right of an agency to terminate a lease before the completion of its term.

5. The GSA has been criticized by holders of Multiple-Award Schedule (MAS) contracts for retaining the ability to conduct post-award audits of vendors' pricing and billing data and requiring that vendors provide the government discounts and price reductions similar to those provided their commercial clients. The GSA's final ruling in the matter, issued in August 1997, somewhat limits the scope of the audits and requires post-award audit authority for pricing information to be written into the contract.

On-Line Information Resources

The General Services Administration maintains a World Wide Web site accessible at "http://www.gsa.gov". This site contains extensive information on departmental activities and the GSA's role in current events, as well as press releases.

The Federal Telecommunications Service Home Page may be accessed at "http://fts.info.gov". It details current program activities and provides organizational information, including briefing slides on FTS's current initiatives and focus.

GSA also maintains the "Year 2000 Information Directory" at "http://www.itpolicy.gsa.gov/mks/yr2000/y201toc1.htm". The site has recently been receiving about 10,500 hits per month, as estimated by GSA. The site contains links to product databases, advice to federal and state agencies, conference information and documents from OMB and GAO.

GSA's Office of Government-wide Policy has issued an electronic directory of IT officials in the federal marketplace. The directory may be accessed at "http://policy.gsa.gov."

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- On-site presentations
- Electronic delivery
- Vendor Profiles

Databases

- Software and Services Market Forecasts
- Software and Services Vendors
- U.S. Federal Government
  - ⇒ Market Forecasts
  - ⇒ Agency Profiles
  - ⇒ Procurement Analysis (PAR)
  - ⇒ Awards (FAIT)

Custom Projects

For Vendors - Analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers - Evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

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Agency Profile

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Department of Commerce

Purpose

The Department of Commerce is the primary federal agency responsible for the promotion of the nation's international trade, economic growth and technological advancement. It accomplishes these tasks through a variety of activities, which include expanding U.S. exports, promoting the development of innovative technologies, gathering and disseminating statistical data, measuring economic growth, granting patents and registering trademarks, promoting minority entrepreneurship, predicting atmospheric conditions and researching telecommunications.

Table of Contents

Organization

The Department of Commerce was created by Act of March 4, 1913 (15 U.S.C. 1501), which transferred all labor activities from the Department of Commerce and Labor into a new, separate Department of Labor.

The Department of Commerce is headed by the Secretary of Commerce, appointed by the President with the advice and consent of the Senate, who is served by the offices of the Deputy Secretary, Chief of Staff, Inspector General and General Counsel, among others. Direct support of the department's multiple organizations and activities is provided by six Under Secretaries and 12 Assistant Secretaries.

The Under Secretaries act as the "corporate board" of key advisors to the Secretary of Commerce. In conjunction with the Assistant Secretaries, they oversee the daily activities of the department's bureaus and offices, which are organized under them to support their

policy planning, coordination and implementation activities. The Under Secretaries are those for:

- Export Administration
- Economic Affairs
- International Trade
- Technology
- Oceans and Atmosphere
- Travel and Tourism

The Department of Commerce is headquartered in Washington, DC and is currently directed by Secretary William M. Daley, who began service on January 30, 1997.

The organizational structure of the Department of Commerce is presented in Exhibit 1.

Program Activities

Below are the primary organizations within the Department of Commerce and their respective activities:

a. Office of the Secretary
The Secretary is responsible for the administration of all functions and authorities assigned to the Department of Commerce and for advising the President on federal policy and programs affecting the industrial and commercial segments of the national economy. Major support components include:

- *Office of the Press Secretary* — The Press Secretary serves as the Secretary of Commerce's official liaison to the news media in the United States and the rest of the world.
- *Business Liaison* — This office develops a cooperative working relationship and promotes effective communication between the Department of Commerce and the business community.

Exhibit 1

Department of Commerce Organization

Secretary of Commerce
Deputy Secretary
Secretariat Offices:
- Administration
- Inspector General
- General Counsel
- Chief of Staff
- Press Secretary
- Business Liaison
- Legislative and Intergovernmental Affairs
- Consumer Affairs
- Small and Disadvantaged Business Utilization

Primary Organizations:
- Economics and Statistics Administration
  - — Chief Economist
  - — Bureau of the Census
  - — Bureau of Economic Analysis
- International Trade Administration
  - — Import Administration
  - — International Economic Policy
  - — Trade Development
  - — U.S. and Foreign Commercial Service
- Bureau of Export Administration
- National Oceanic and Atmospheric Administration
  - — National Environmental Satellite Data and Information Service
  - — National Ocean Service
  - — National Weather Service
  - — National Marine Fisheries Service
  - — Oceanic and Atmospheric Research
- Technology Administration
  - — Technology Policy
  - — National Institute of Standards and Technology
  - — National Technical Information Service
- U.S. Patent and Trademark Office
- National Telecommunications and Information Administration
- Economic Development Administration
- Minority Business Development Agency

Source: Carroll Publishing 1997

- *Consumer Affairs* — This office encourages and assists the business community in being responsive to consumer interests in a global marketplace, assists and educates consumers with marketplace problems and informs them about resources and programs within the department.
- *Small and Disadvantaged Business Utilization* — The Office of Small and Disadvantaged Business Utilization (OSDBU) serves as the principal departmental advocate for small, minority and women-owned businesses. OSDBU assures that small firms receive the maximum amount of Commerce contract and subcontract dollars.

b. Economics and Statistics Administration
Headed by the Under Secretary for Economic Affairs, the Economics and Statistics Administration (ESA) advises the Secretary and other government officials on matters relating to economic developments and forecasts and on the development of macroeconomic and microeconomic policy. Major components of this Administration include:

- *Bureau of the Census* — The Bureau of the Census was established as a permanent office in 1902 to collect, tabulate and publish a variety of statistical data about the demographics and economy of the United States.
- *Bureau of Economic Analysis* — The Bureau of Economic Analysis (BEA) integrates and interprets a variety of source data to provide information on such key issues as economic growth, regional development and the nation's position in the world economy.

c. Bureau of Export Administration
The Bureau of Export Administration was established in 1987 by the Export Administration Act to direct the nation's export control policy. Major functions include processing license applications, conducting foreign availability studies to determine when products should be deregulated and enforcing U.S. export control laws.

d. Economic Development Administration
The Economic Development Administration (EDA) was created in 1965 under the Public Works and Economic Development Act in an effort to target federal resources to economically distressed areas and to help develop local economies in the United States. EDA's economic development assistance programs (EDAPs) are carried out through a nationwide network of headquarters and regional personnel. The Administration provides grants for public works and development facilities, planning and coordination, defense conversion and other financial assistance.

e. International Trade Administration
The International Trade Administration (ITA) was established in 1980 to promote world trade and to strengthen the international trade and investment position of the United States. The Administration is headed by the Under Secretary for International Trade, who coordinates all issues concerning import administration, international economic policy and programs and trade development. It is responsible for nonagricultural trade operations of the U.S. government and supports the trade policy negotiation efforts of the U.S. Trade Representative. The Administration's four components are:

- *International Economic Policy* — The Assistant Secretary for International Economic Policy advises on the analysis, formulation and implementation of international economic policies of a bilateral, multilateral or regional nature.
- *Import Administration* — The Assistant Secretary for Import Administration defends American industry against injurious and unfair trade practices by administering the antidumping and countervailing duty laws of the United States. The Assistant Secretary also administers foreign trade zones and

advises the Secretary on the establishment of new zones.

- *Trade Development* — The Assistant Secretary for Trade Development advises on international trade and investment policies pertaining to U.S. industrial sectors, carries out programs to strengthen domestic export competitiveness and promotes increased participation in international markets by U.S. industry.
- *U.S. and Foreign Commercial Service* — Through 47 domestic offices and 132 posts located in 68 countries throughout the world, the Assistant Secretary and Director General of the U.S. and Foreign Commercial Service supports overseas trade promotion events, manages a variety of export promotion services and products, promotes U.S. products and services throughout the world market and assists state and private-sector organizations on export financing.

f. Minority Business Development Agency
The Minority Business Development Agency was created in 1979 to facilitate the participation of minority businesses in the U.S. and global economy. Management and technical assistance is provided to such firms on request, primarily through a network of Minority Business Development Centers funded by the agency, as well as Minority Enterprise Growth Assistance (MEGA) centers. The agency also promotes and coordinates the efforts of other federal agencies in assisting or providing market opportunities for minority business.

g. National Oceanic and Atmospheric Administration
The National Oceanic and Atmospheric Administration (NOAA) was created in 1970 to research and track data and information on the world's oceans and atmosphere, which it disseminates to the public in order to facilitate commerce, promote general safety and foster the protection and rational use of living marine resources and their habitats. To this end, NOAA provides weather forecasts and issues warnings against destructive natural events, provides services in support of weather-sensitive activities, prepares and issues nautical and aeronautical charts, conducts geodetic surveys and operates a national environmental satellite system. The Administration also administers and directs oceanic research programs by providing grants to institutions for marine research, education and advisory services.

h. National Telecommunications and Information Administration
The National Telecommunications and Information Administration (NTIA) is the principal executive branch advisor to the President on telecommunications and information policy. NTIA develops and presents U.S. plans and policies at international conferences, prescribes policies for and manages federal use of the radio frequency spectrum and serves as the primary federal telecommunications research and engineering laboratory through the Institute for Telecommunication Sciences in Boulder, Colorado.

i.. Patent and Trademark Office
The Patent and Trademark Office (PTO) grants patents and registers trademarks to qualified applicants to protect and encourage the development of innovation and ideas. Furthermore, the PTO records and indexes documents transferring ownership rights and maintains search files and a scientific library for public use. It also hears and decides appeals from prospective inventors and trademark applicants.

j. Technology Administration
The Technology Administration is headed by the Under Secretary for Technology, who serves as a principal advisor to the Secretary of Commerce and as the Department's spokesperson for science and technology issues. The Administration is the primary agency that works with U.S. industry and other federal agencies to address technological competitiveness and leadership. Major

components of the Technology Administration include:

- *Office of Technology Policy* — The primary role of the Office of Technology Policy is to offer assistance to private sector and government communities in advocating and pursuing policies that maximize the impact of technology on economic growth.

- *National Institute of Standards and Technology* — The National Institute of Standards and Technology (NIST) assists industry in developing technology to improve product quality, modernizes manufacturing processes and ensures product reliability. NIST also facilitates rapid commercialization of products based on new scientific discoveries in its effort to promote economic growth within the U.S.

- *National Technical Information Service* — The National Technical Information Service (NTIS) is the nation's largest central clearinghouse and government-wide resource for scientific, technical, engineering and other business-related information. NTIS is a self-supporting federal agency that acquires its information from U.S. government agencies and their contractors and grantees, as well as from foreign sources.

Program Budget

With only minor exceptions, federal funding for the Department of Commerce is expected to remain relatively constant over the next five years, from $3.6 billion in FY 1997 to $3.9 billion in FY 2002. One major exception, however, is the budget for the Bureau of the Census. Due to the upcoming 2000 census, the program budget for that agency jumps from $356 million in FY97 to $671 million in FY98. This continues in FY99 when the budget reaches $1.1 billion and tops off in FY2000 at $2.6 billion. The program account then returns to normal levels in FY2001.

The program budget for the Department of Commerce is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Department of Commerce

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
General Administration	$52	$49	$52	$52	$52	$52	$52
Economic Development Administration	351	373	343	338	237	233	232
Bureau of the Census	294	356	671	1,112	2,578	485	410
Economic and Statistical Analysis	46	46	52	52	52	52	52
Promotion of Industry and Commerce	348	338	343	343	343	343	343
Science and Technology	2,649	2,667	2,833	3,049	2,941	2,951	2,981
Total Program Budget	**3,612**	**3,697**	**4,168**	**4,806**	**6,063**	**3,976**	**3,930**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

The contracted out portion of the Department of Commerce's information technology budget is expected to experience above average growth over the next five years, especially in the areas of software and support services. Overall, the contracted portion of the budget is forecasted to grow at an 8.4% CAGR from FY97 to FY2000. This is primarily due to the support services segment with FY2000 spending to be $297.8 million, up from $179.9 million in FY97. Also contributing is the substantial forecasted growth for the software segment at a 9.7% CAGR over the 5 year period.

The information technology budget of the Commerce Department is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Department of Commerce

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$203.3	$240.8	$252.9	$268.1	$286.8	$309.8	8.8%
Other Purchases and Leases	18.7	22.2	23.3	24.7	26.4	28.6	8.8%
Total Equipment	**222**	**263**	**276.2**	**292.8**	**313.3**	**338.3**	**8.8%**
Software:							
Capital Purchases	25.3	29.2	31.2	33.7	36.7	40.4	9.8%
Other Purchases and Leases	7	7.9	8.4	9.1	9.9	10.9	9.3%
Total Software	**32.3**	**37**	**39.6**	**42.8**	**46.7**	**51.3**	**9.7%**
Services (Processing and Telecom.)	**122.2**	**114**	**119.7**	**126.9**	**135.7**	**146.6**	**3.7%**
Support Services	**179.9**	**199.8**	**217.8**	**239.6**	**265.9**	**297.8**	**10.6%**
Contracted Out Portion of IT Budget	**556.5**	**613.9**	**653.3**	**702**	**761.6**	**834.1**	**8.4%**
Supplies	**18.1**	**18.7**	**19.6**	**20.8**	**22.3**	**24.1**	**5.8%**
Personnel	**189.9**	**199.5**	**187.5**	**172.5**	**155.2**	**136.6**	**-6.4%**
Total IT Budget	**764.5**	**832.1**	**860.5**	**895.3**	**939.1**	**994.8**	**5.4%**

Source: Department of Commerce and INPUT

IT Contract Opportunities

The major Department of Commerce acquisitions summarized below are currently active:

a. Communications Network Services and Maintenance
Type: IDIQ
The Department of Commerce has a requirement for continued operation and

maintenance services in support of its wide area network (WAN). This opportunity will provide for the operation and maintenance of the existing government furnished network.

b. Data Capture Services Contract
Type: Cost Plus Award Fee
The Department of Commerce's Bureau of Census has a requirement for data capture support services in support of the Year 2000 Decennial Census. This opportunity will provide for facilities management, office automation, staff, office equipment and supplies not provided by DCS 2000.

c. Hardware and Software Maintenance
Type: Firm Fixed Price, IDIQ
NIST has a requirement for hardware and software maintenance support. This opportunity will provide maintenance to NIST's Sun equipment, peripheral equipment and software.

d. IEF Engineering Support Services
Type: Firm Fixed Price, IDIQ
The Department of Commerce's Patent and Trademark Office (PTO) has a requirement for Information Engineering Facility (IEF) engineering support services. This opportunity will provide automated information systems development infrastructure support necessary to effect the migration of PTO legacy systems into client/server systems using LCM, IEM and Composer.

e. Independent Verification and Validation (IV&V)
The Department of Commerce's Patent and Trademark Office (PTO) has a requirement for Independent Verification and Validation (IV&V) to support the Patent Office's automated systems.

f. National Centers for Environmental Prediction - Supercomputer
Type: TBD
The National Oceanic and Atmospheric Administration (NOAA) has a requirement for general purpose computer equipment and services. This opportunity will provide general purpose high speed, large capacity computing, data storage and networking to support numerical weather prediction at its National Centers for Environmental Prediction in Suitland, MD.

g. Services to Support NOAA's National Climatic Data Center
Type: TBD
The National Oceanic and Atmospheric Administration (NOAA) National Climatic Data Center has a continuing need for computer support and facilities management.

h. Supercomputer Class VIII (SC VIII)
NOAA intends to replace its large scale scientific computing system. The system will include one or more large scale computers which may employ different hardware architectures and software. The system must be able to provide operational processing of numeric forecast models, scalable computing, data archiving, data analysis and scientific graphics. The current system includes a Cray C-90 and a Cray YMP-8.

i. Systems Engineering and Technical Assistance (SETA)
Type: Cost Plus Fixed Fee
The Patent and Trademark Office (PTO) has a continuing requirement for Systems Engineering and Technical Assistance (SETA) services for independent, objective and expert technical advice and assistance for ongoing and future information technology initiatives. This opportunity will provide an unbiased third party to evaluate

current and future technology, reviews of government contractor's plans, performance and products, provide independent technical advice on existing and new PTO automated systems, define or review high level information technology architecture and support engineering projects and tasks for enhancing the PTO information infrastructure.

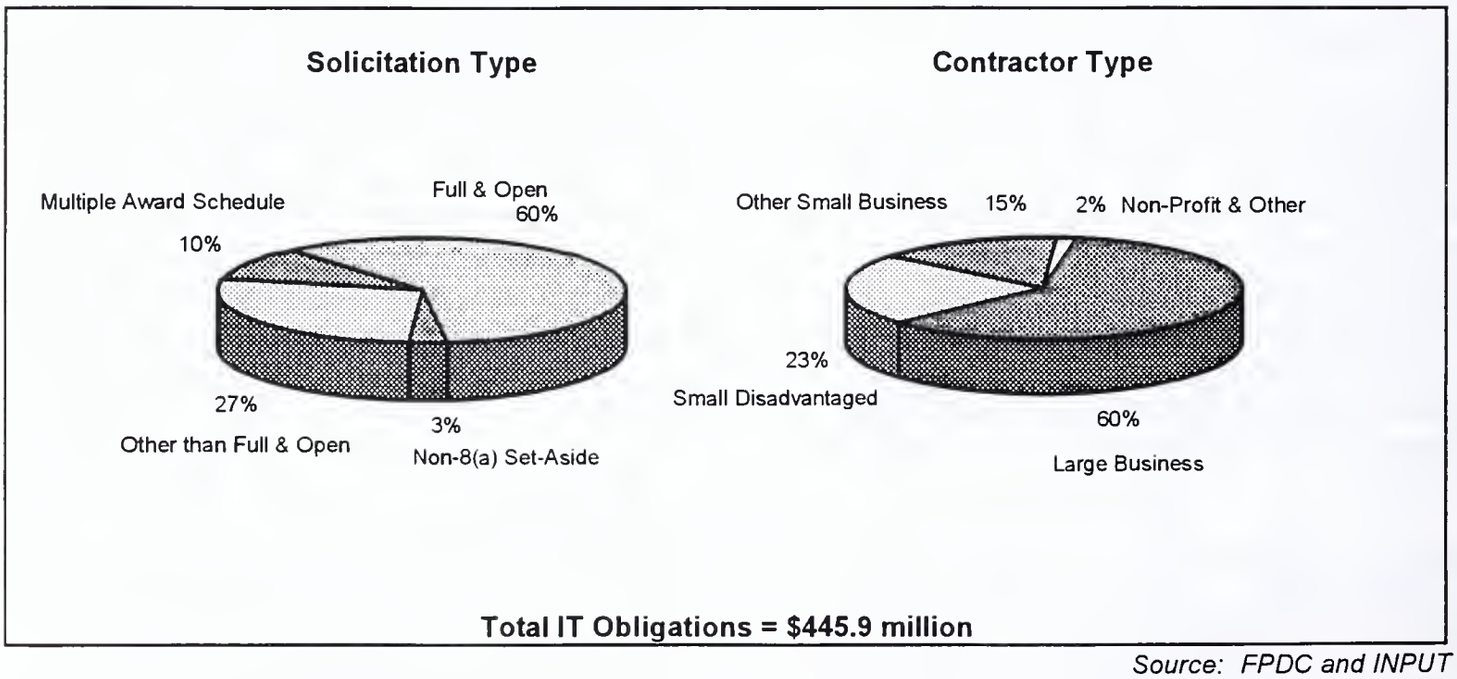
Commerce Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Department of Commerce to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and workshop organizations comprise the "non-profit and other" contractor component.

Exhibit 4

Acquisition Profile for the Department of Commerce
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Commerce Department is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at Commerce
FY 1996

1. Litton/PRC
2. Cray Research, Inc.
3. GTSI
4. Hughes Data Systems
5. Integral Systems, Inc.
6. Research and Data Systems Corporation
7. Andersen Consulting
8. Signal Corporation
9. Sylvest Management Systems
10. Computer Sciences Corporation

Source: FPDC and INPUT

Exhibit 6

Top Department of Commerce Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$177,327	11. Illinois	$4,940
2. Maryland	127,239	12. Texas	4,105
3. Minnesota	31,891	13. New York	3,828
4. Washington, DC	23,596	14. North Carolina	3,794
5. California	12,976	15. New Mexico	3,718
6. Arizona	8,285	16. Oklahoma	2,639
7. Colorado	6,972	17. South Carolina	2,610
8. Mississippi	6,585	18. South Dakota	1,765
9. Ohio	5,269	19. Alabama	1,637
10. Alaska	5,198	20. Wisconsin	1,584

All figures in $ Thousands

Source: FPDC and INPUT

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Department of Commerce. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Department of Commerce

Program	Type	Size	Description
DOC SUPERCOMPUTING FACILITY	Supercomputers Firm Fixed Price, IDIQ	$ 13 M 8 years	Cray Research provides lease-to-own supercomputing systems to support the various data processing activities of NIST and NOAA. Awarded in December, 1990
CENTRAL SATELLITE DATA PROCESSING	Software Products Cost Plus Award Fee	$ 5 M 8 years	CSC provides application software development and maintenance support for the operational environmental satellite data processing activities of the Central Environmental Satellite Computer Systems (CEMSCS) Information Processing Division. Awarded in November, 1991
ADP ENGINEERING SUPPORT SERVICES	Professional Services Cost Plus Fixed Fee	$ 18.5 M 5 years	SAIC provides PTO with systems engineering and technical services to support its various automated systems. Patent and trademark text and image retrieval, optical character recognition devices and high speed local area networks are also provided. Awarded in April, 1993
NATIONAL MARINE FISHERIES SERVICE INFORMATION TECHNOLOGY UPGRADE (IT-95)	Computer Equipment Firm Fixed Price, IDIQ	$ 13 M 6 years	Computer Data Systems provides NOAA's National Marine Fisheries Service with mid-range computers, software and telecommunications equipment to implement a nationwide network for scientific and general data processing requirements. Awarded in May, 1993
LARGE SCALE SCIENTIFIC COMPUTING SYSTEM (LSSCS)	Supercomputers Firm Fixed Price, IDIQ	$ 46 M 5 years	Cray Research provides a scientific computing system to perform scalable computing, data archiving, data analysis and scientific graphing for NOAA's Geophysical Fluid Dynamics Laboratory. Awarded in August, 1993

Major Contracts at the Department of Commerce (cont.)

Program	Type	Size	Description
ENGINEERING AND TECHNICAL SUPPORT SERVICES FOR FLEET REPLACEMENT AND MODERNIZATION PROJECT OFFICE	Systems Integration Firm Fixed Price, IDIQ	$ 3 M 5 years	Resource Consultants, Inc. provides engineering and technical support services for NOAA's Fleet Replacement and Modernization Office, including management services, systems design and logistics support engineering. Awarded in November, 1993
NEXT GENERATION WEATHER RADAR PROGRAM SUPPORT (NEXRAD)	Professional Services Firm Fixed Price, IDIQ	$ 5 M 4 years	Titan Systems designs, develops and demonstrates Operational Test Program Sets (OTPS) to upgrade NOAA's existing weather systems. Awarded in April, 1994
PROJECT MANAGEMENT/INDEPENDENT VERIFICATION AND VALIDATION (PM/IV&V)	IV&V/Quality Assurance	$ 16 M 5 years	Galaxy Scientific provides program management, administration and independent analysis and evaluation in support of the PTO's automated systems. Awarded in September, 1994
WORLD AREA SYSTEM FORECAST	Professional Services Firm Fixed Price, IDIQ	$ 12 M 7 years	MCI provides the National Weather Service with hardware and software to create a point to multi-point satellite service capable of supplying meteorological data to aviation users worldwide. Awarded in September, 1994
DEPARTMENT CORE FINANCIAL SYSTEM SOFTWARE PACKAGE (CFS)	Software Products Firm Fixed Price, IDIQ	$ 31.9 M 11 years	Andersen Consulting provides software development and product implementation to integrate Commerce's eight financial systems into the Departmental Core Financial Management System, to be accessed with a single graphical user interface. Awarded in December, 1994

Major Contracts at the Department of Commerce (cont.)

Program	Type	Size	Description
SATELLITE ENGINEERING AND NAVIGATION SUPPORT SERVICES	Professional Services Cost Reimbursement	$ 5 M 5 years	Lockheed Martin provides engineering services in support of systems analysis, ground systems design, navigation operations and database management for the National Environmental Satellite Data and Information Service. Awarded in May, 1995
LARGE SCALE SCIENTIFIC COMPUTING SYSTEM (LSSCS)	Supercomputers Firm Fixed Price, IDIQ	$ 42 M 5 years	MCI provides the National Weather Service with hardware and software to create a point to multi-point satellite service capable of supplying meteorological data to aviation users worldwide. Awarded in May, 1995
DEVELOPMENT, MAINTENANCE AND OPERATION FOR THE US SARSAT MISSION CONTROL CENTER (SARSAT)	Platform Operations	$ 6 M 5 years	SAIC provides software development, operation and maintenance services for the U.S. Search and Rescue Satellite Aided Tracking (SARSAT) Mission Control Center in Suitland, Maryland. Awarded in June, 1995
HARDWARE MAINTENANCE	Network Mgmt. Firm Fixed Price, IDIQ	$ 20 M 5 years	Telos Field Engineering provides maintenance, upgrades and configuration support to VAX minicomputers, workstations, mainframes and vector supercomputers owned by the Bureau of the Census at locations throughout the U.S. Awarded in September, 1995
AWIPS ACQUISITION OFFICE SUPPORT (AAO/SEASS)	Professional Services Cost Plus Award Fee	$ 4.4 M 5 years	Hughes STX provides systems engineering and acquisition support services (SEASS) for the National Weather Service's AWIPS Acquisition Office (AAO). Awarded in June, 1996

Major Contracts at the Department of Commerce (cont.)

Program	Type	Size	Description
SCIENTIFIC WORKSTATION CONTRACT II (SCIWOC II)	COMPUTER EQUIPMENT-- Firm Fixed Price, IDIQ	$ 20 M 3 years	The Department of Commerce, National Oceanic and Atmospheric Administration (NOAA) has tasked multiple vendors, Data Procurement, Sylvest Management Systems, McBride and Associates and Pulsar Data Systems, to provide scientific workstations to satisfy their needs. Awarded in June, 1996
PTO DESKTOP (PTO DT)	Computer Equipment Firm Fixed Price, IDIQ	$ 171 M 3 years	Hughes Data Systems will provide the Patent and Trademark Office (PTO) with Micron microcomputers to be used to support users with general requirements for office automation and access to internal and external databases. Awarded in August, 1996
CENTRAL SATELLITE DATA PROCESSING	Software Products Cost Plus Award Fee	$ 5 M 8 years	CSC provides application software development and maintenance support for the operational environmental satellite data processing activities of the Central Environmental Satellite Computer Systems (CEMSCS) Information Processing Division. Awarded in September, 1996
SYSTEMS ENGINEERING AND TECHNICAL SUPPORT SERVICES (SETSS II)	Computer Equipment Cost Plus Fixed Fee	$ 27.8 M 5 years	Hughes STX provides the National Weather Service with engineering and technical services to support automated weather observation systems, weather forecast information systems and complex communications systems. Awarded in September, 1996
DATA WAREHOUSING	Computer Equipment Firm Fixed Price, IDIQ	$ 8.7 M 5 years	MRJ Technology Solutions will satisfy the Patent and Trademark Office (PTO) requirement for enterprise-wide data warehousing services. Awarded in December, 1996

Major Contracts at the Department of Commerce (cont.)

Program	Type	Size	Description
FACILITIES MANAGEMENT AND END USER SUPPORT (FM/EUS)	Desktop Services Firm Fixed Price, IDIQ	$ 48 M 5 years	Computer Based Systems, Inc. will satisfy the US Patent and Trademark Office (PTO), Administrator for Computer and Telecommunications Operations (ACTO), requirement to manage the PTOnet and computer center infrastructure activities. Awarded in January, 1997
SYSTEM DEVELOPMENT AND MAINTENANCE (SDM)	Professional Services Cost Plus Award Fee	$ 540 M 8 years	CSC and Lockheed Martin will satisfy the Patent and Trademark Office (PTO) requirements for increased use of automation to support communications between applicants and examiners, for management of patent applications and for related requirements greater in depth. Awarded in February, 1997
AWIPS APPLICATION SUPPORT	Systems Software Cost Plus Fixed Fee	$ 9.1 M 5 years	General Sciences Corp. fulfills NOAA's requirements for continued computer software development and application support services for the Advanced Weather Interactive Processing System. Awarded in March, 1997
DATA CAPTURE SYSTEM TO SUPPORT YEAR 2000 DECENNIAL CENSUS (DCS2000)	Document Mgmt. Firm Fixed Price, IDIQ	$ 49 M 8 years	Lockheed Martin will satisfy the Bureau of the Census' (BC) requirement for a Data Capture System (DCS) to support the Year 2000 Decennial Census. Awarded in March, 1997

Source: INPUT

Issues at the Department of Commerce

1. The Department of Commerce is involved in a struggle with software companies to change government export regulations on sophisticated encryption software. The government, fearful that criminals, terrorists or hostile regimes may be able to use encryption software in activities against the U.S., has restricted their export abroad. The Commerce Department issues the regulations concerning encryption software and grants the licenses for export. Vendors must presently apply for exceptions or provide the government with the encryption key so that law enforcement agencies can break the code if necessary. Business groups have complained that the government review process is haphazard and that First Amendment rights are at issue. They also argue that less restrictive laws have allowed foreign competitors an advantage in marketing encryption software abroad. That the issue is far from resolved is reflected in two bills now in congressional committees, one tightening controls on export and the other aiming to allow easier export of encryption software.

2. The Bureau of the Census will be using a sophisticated data capture system in the Year 2000 Decennial Census. The DCS2000 contract awarded to Lockheed Martin in March 1997 provides for the conversion of census questionnaire information into electronic format. Off-the-shelf hardware and software, optical mark recognition (OMR) and intelligent character recognition (ICR) technologies will be used to convert handwriting, box check items and write-in character based data items into computer form. Once the data from forms and questionnaires is captured and converted, the paper document no longer needs to be handled. The Bureau of the Census expects that a major benefit of the technologies will be elimination of multiple responses from the same household or person. Matching technology will allow duplicate responses to be recognized and "unduplicated", something not easily done in previous censuses. A related procurement, the Data Capture Services Contract (DCSC), will provide support services such as facilities management, office automation, staff and office equipment and supplies. The DCSC award is expected in January 1998.

3. A plan by the Bureau of the Census to use statistical sampling techniques in the Census 2000 to account for those who are difficult to track down and count, such as children, the homeless, highly mobile young people and the poor in cities has become a political issue. The Census Bureau claims that 4.7 million people were missed in the last census and that its planned sampling techniques would result in a much greater accuracy. Congressional Republicans have criticized this plan as dangerous and see it as an opportunity for the present administration to increase representation from the heavily Democratic inner cities and fear that allowing sampling instead of actual counting could lead to the manipulation of census data which is used to determine federal funding as well as congressional redistricting. They are demanding that the Census Bureau abandon sampling and rely on a strict head count strategy.

4. In response to budget pressures the National Weather Service (NWS) is planning to close its southern region headquarters office and transfer the responsibilities to the remaining three mainland regional offices. A recent GAO Report (AIMD-97-133) criticizes the NWS for not completing a risk analysis study to ensure that the closure

would not place people at risk from loss of services. The Secretary of Commerce announced on June 25, 1997 that the decision to close the southern regional office would be delayed for 60 days to allow for a review of the situation. The NWS had hoped to wait until its large modernization program was completed before closing the southern office, which manages the modernization program over a 10-state area, but, faced with a fiscal year 1997 budget of $47 million less than 1996, decided to proceed.

On-Line Information Resources

The Department of Commerce maintains a World Wide Web site accessible at "http://www.doc.gov". This site contains extensive information on departmental activities and the Commerce Department's role in current events, as well as briefing transcripts and daily press releases. Information about specific bureaus within the Department of Commerce may be found at "http://www.doc.gov/bureaus".

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This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Brian M. Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

INPUT®

Agency Profile

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Defense Information Systems Agency

Purpose

The Defense Information Systems Agency is one of the primary combat support elements for the Department of Defense. DISA is ultimately responsible for DoD's information technology and serves as the central manager for major portions of the Defense Information Infrastructure (DII) initiative.

DISA is specifically responsible for the planning, development and support of command, control, communications and information systems which serve the needs of the National Command Authorities in both peacetime and wartime. The agency oversees all DoD telecommunications and information processing facilities and provides technical support and guidance on C3 and information system issues affecting the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the combatant commands and the defense agencies.

DISA ensures theater and tactical command and control system interoperability, as well as functionality of NATO and/or allied C3 systems and those national or international commercial systems that affect the mission of DISA. DISA also supports national security emergency preparedness telecommunications functions of the National Communications System.

Table of Contents

Organization

The Defense Information Systems Agency was established in 1960 as the Defense Communications Agency. In 1991, the agency was renamed DISA in order to reflect the agency's broadened technical responsibility within the Department of Defense

DISA is headed by a director who reports directly to the Assistant Secretary of Defense for Command, Control, Communications and Intelligence. He is assisted by the Command Staff which is responsible for bringing DISA together as an efficient, effective and responsive organization. Coordinated efforts by the Command Staff allow the director to provide guidance essential in accomplishing the assigned mission. The Command Staff is composed of the Vice Director, as well as the Chief of Staff, Regulatory/General Counsel, Inspector General, NSA Liaison, Chief Information Officer and the Director of the Office of Small and Disadvantaged Business Utilization, among others.

DISA is currently headed by Lieutenant General David J. Kelley, who assumed the director position on June 27, 1997 after having served as the Vice Director from June 1995. DISA is headquartered in Arlington, VA.

The organizational structure of the Defense Information Systems Agency is presented in Exhibit 1.

Program Offices

Below are the primary functional areas within the Defense Information Systems Agency:

a. Personnel and Manpower (D1)
The Office of Personnel and Manpower is responsible for providing plans, programs and oversight in the areas of civilian and military personnel, human resource development, executive services, manpower management and security. The D1 is also responsible for providing service support to all DISA activities in the National Capital Region.

Exhibit 1

DISA Organization

Director
Vice Director

Staff Offices:

- General Counsel
- Chief Regulatory Counsel
- Congressional Affairs
- Inspector General
- Equal Employment Opportunity and Cultural Diversity
- Office of Small and Disadvantaged Business Utilization
- National Security Agency Liaison

Program Offices:

- Personnel and Manpower
- C4 and Intelligence Programs
- Operations
- Logistics and Procurement
  — Defense Information Technology Contracting Office
- Strategic Plans and Policy
- Engineering and Interoperability
  — Joint Interoperability Test Command
- — Joint Interoperability and Engineering Organization
- Joint Requirements Analysis Integration
- C4I Modeling, Simulation and Assessment
- DISA WESTHEM
- White House Communications Agency
- National Communications System

Source: U.S. Government Manual 1996/1997

b. C4 and Intelligence Programs (D2)
The Office of C4 and Intelligence Programs is responsible for project management, technical development and planning for life-cycle management of D2 programs. The Deputy Director, D2 has the responsibility, authority and accountability for systems development, configuration control and program budgeting, as well as coordination of all engineering and testing functions at DISA.

c. Operations (D3)
The Office of Operations has primary staff responsibility for operations performance and effectiveness to ensure that warfighters and supporting organizations C4I and DII operational requirements are met. The D3 establishes operational policy, obtains resources for and monitors the execution of warfighters' C4I Systems and directs integration, synchronization and life-cycle support of assigned operational systems and services.

d. Logistics and Procurement (D4)
The Office of Logistics and Procurement has the responsibility for oversight of logistic and procurement performance and effectiveness. The D4 also provides support and policy guidance on logistics-related issues, as well as maintaining and operating the DISA procurement system.

- *Defense Information Technology Contracting Office* – DITCO is responsible for acquiring, accounting for and paying for IT supplies and services required by DISA, as directed by the D4.

e. Strategic Plans and Policy (D5)
The Office of Strategic Plans and Policy has the functions of policy development, strategic planning, integrated program development and capstone architecture oversight for DISA.

f. Engineering and Interoperability (D6)
The Office of Engineering and Interoperability provides staff oversight for all information systems engineering support for DISA programs. Support includes architecture, technical integration, standards development, best business practices, business process reengineering (BPR), functional process improvements, data administration, software and hardware engineering and development, product assurance, test and evaluation and security.

- *Joint Interoperability Test Command* – JITC's mission is to support the warfighters in their efforts to push and pull information to and from the battlefield. This includes providing technical assistance to operational units for identifying and solving C4I interoperability deficiencies.

- *Joint Interoperability and Engineering Organization* – JIEO provides all C4I information systems engineering support required by any element of DISA and as directed by the Assistant Secretary of Defense for C3I for Information Management Initiatives. Support includes technical architecture, technical integration, standards development, best practices, BPR and functional process improvements as well as others.

g. Joint Requirements Analysis and Integration (D7)
The Office of Joint Requirements Analysis and Integration has the primary responsibility of supporting the functional requirements development, analysis, refinement, validation and integration across DoD. D7 is the only cross-service/cross-functional integrator for all functional requirements in the Defense Information Infrastructure.

h. C4I Modeling, Simulation and Assessment (D8)
The Office of C4I Modeling, Simulation and Assessment analyzes requirements and development options for C4I systems. The D8 conducts studies, analyses and net assessments of DII/C4I systems, plans, programs and strategies.

i. DISA WESTHEM
DISA WESTHEM is responsible for executing DISA's programs in the Western Hemisphere. The office manages the DII and other C4I systems in support of the National Command Authority, the Secretary of Defense and the Joint Chiefs of Staff. It also represents the requirements of all DISA customers within the region to other DISA components, such as the DISA Pacific and European Commands.

j. White House Communications Agency
WHCA provides telecommunications and related support to the President, Vice President, White House Senior Staff, National Security Council, US Secret Service and others as directed by the White House Military Office. Support includes nonsecure voice, record communications, AV services, ADP support and photographic and drafting services.

k. National Communications System
NCS assists the President and the Executive Office of the President in exercising emergency telecommunications and in the planning for and provisioning of National Security and Emergency Preparedness communications for the federal government under all circumstances.

Program Activities

While it is involved in a host of activities, the Defense Information Systems Agency has identified four primary program areas of the Defense Information Infrastructure as its core mission:

a. Global Command and Control System
DISA develops, implements and executes the Global Command and Control System (GCCS), an automated information system designed to support deliberate and crisis planning for the Department of Defense. The system utilizes an integrated set of analytical tools and interoperable data transfer capabilities to support battlefield operations. GCCS is an advanced version of the Worldwide Military Command and Control System (WWMCCS), which it is gradually replacing.

b. Defense Information Systems Network
The Defense Information Systems Agency manages and controls the direction and implementation of the Defense Information Systems Network (DISN), a Defense-wide program that calls for an integrated global communications network to connect voice, data and video networks into one system. While far from complete, two major efforts are currently underway to allow interoperability among Army, Air Force and Navy information systems and to create new common-user systems among all DoD agencies.

c. Defense Message System
DISA is charged with improving the quality and security of messaging within the Department of Defense, simultaneous with reducing related costs and staffing levels. To this end, the agency develops and executes all activities related to the Defense Message System (DMS), including all hardware, software, procedural, interoperability, personnel and facility requirements for the electronic delivery of messages among organizations and individuals within DoD.

d. Global Combat Support System
Under the Global Combat Support System (GCSS), DISA implements the broader DoD concept of C4I for the Warrior (C4IFTW). Relying on the methodology, tools and integration procedures of GCCS, DMS and DISN, DISA is responsible for integrating remaining stove-piped systems within the Department of Defense to achieve a common operating environment. Efforts are primarily focused on acquisition, logistics, engineering, finance and health services application systems.

Information Technology Budget

The information technology (IT) budget of the Defense Information Systems Agency is expected to experience moderate growth over the next several years. Stagnant and even negative compound annual growth rates (CAGR) shown in Exhibit 2 are attributable to DISA's low budget forecasts to the Office of Management and Budget (OMB) for 1998, a common theme among all Defense agencies since faced with overall consolidation and downsizing.

Historically, DISA has allocated more funds for IT than it has projected, and its IT spending will likely experience sustained growth. DISA will continue to rely heavily on processing and telecommunications services, while spending on personnel is expected to decline sharply with continued automation and consolidation of functions. Also of note is the agency's contracted out portion of its total IT budget. In 1997, DISA allocated $2.7 billion, or 88.4%, of its total IT budget to vendors. This figure is expected to increase to over $3 billion in 2002, representing 91.1% of the total IT budget for that year.

The CAGR for DISA's total IT spending over the period shown is 2%. The information technology budget of the Defense Information Systems Agency is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Defense Information Systems Agency

Category	Spending in Obligations by FY in $ Millions						CAGR
	1997	1998	1999	2000	2001	2002	1997-2002
Equipment:							
Capital Purchases	$130.7	$110.4	$88.4	$91.1	$94.2	$98	-5.6%
Other Purchases and Leases	12.1	9.9	9.5	9.8	10.2	10.6	-2.6%
Total Equipment	**142.8**	**120.3**	**97.9**	**100.9**	**104.4**	**108.6**	**-5.3%**
Software:							
Capital Purchases	32.3	23.3	23	24	25	26.3	-4.1%
Other Purchases and Leases	4.2	4.7	4.5	4.7	4.9	5.1	4.1%
Total Software	**36.7**	**28**	**27.5**	**28.6**	**29.9**	**31.4**	**-3%**
Services (Processing and Telecom.)	**1910.6**	**1959**	**1989.8**	**2049.5**	**2121.2**	**2206.1**	**2.9%**
Support Services	**445.1**	**541.9**	**525.1**	**551.3**	**581.6**	**616.5**	**6.7%**
Contracted Out Portion of IT Budget	**2662.2**	**2726.5**	**2701.3**	**2793.7**	**2903.4**	**3032.2**	**2.6%**
Supplies	**24.2**	**26.8**	**24.3**	**25**	**25.9**	**27**	**2.1%**
Personnel	**325.7**	**310.2**	**313.4**	**300.9**	**285.8**	**268.7**	**-3.8%**
Total IT Budget	**3012.2**	**3063.5**	**3039**	**3119.6**	**3215.2**	**3327.8**	**2%**

Source: Department of Defense and INPUT

IT Contract Opportunities

The major DISA acquisitions summarized below are currently active:

a. Communications For Trojan/Intelligence Electronic Warfare
Type: Firm Fixed Price
The Defense Information Systems Agency (DISA) has a requirement for a dedicated, point-to-point digital communications system.

b. CPAS Programming Support
Type: Cost Plus Fixed Fee
The Defense Information Systems Agency (DISA) intends to acquire programming services in support of the National Communications System (NCS).

c. DCSS Replacement System
Type: Firm Fixed Price, IDIQ
The Defense Information Systems Agency (DISA) intends to acquire a replacement for its Digital Conference Switch for the White House Communications Agency.

d. Defense Enterprise Integration Services III
Type: Firm Fixed Price, IDIQ
The Defense Information Systems Agency (DISA) intends to acquire follow-on services to satisfy its requirements for Defense Enterprise Integration Services (DEIS and DEIS II) to provide a wide range of integration services, such as migration strategies, assessment support, prototyping and testing and integration engineering.

e. Defense Information Infrastructure Equipment And Maintenance
Type: IDIQ
The Defense Information Systems Agency (DISA) intends to acquire computer equipment to support the Defense Information Infrastructure (DII).

f. DISN Transmission Services Europe
Type: Firm Fixed Price, IDIQ
The Defense Information Systems Agency (DISA) has an ongoing requirement to procure another facet of the Defense Information Systems Network.

g. DISN Transmission Services Pacific
Type: Firm Fixed Price, IDIQ
The Defense Information Systems Agency (DISA) has an ongoing requirement to procure another facet of the Defense Information Systems Network.

h. DISN Transmission Services Wireless
Type: TBD
The Defense Information Systems Agency (DISA) has an ongoing requirement to procure another facet of the Defense Information Systems Network by developing a global wireless communication network.

i. INFOSEC Technical Support Recompete
Type: Firm Fixed Price, IDIQ
The Defense Information Systems Agency (DISA) is expected to recompete a requirement for information security applications for DoD and other federal agencies.

j. Multipoint Circuit For Networking Air Force Global Weather Central Centers
Type: TBD
The Defense Information Technology Contracting Organization (DITCO) intends to acquire a multipoint circuit for networking of Air Force Global Weather Central Centers.

k. On-Site Preventative And Remedial Hardware Maintenance
Type: TBD
DISA has a requirement for on-site preventative and remedial hardware maintenance for fifteen Defense Megacenters (DMCs) located throughout the United States, as well as Satellite Data Processing Installations/Information Processing Centers (DPI/IPC) at six remote locations.

l. Phase V Standard Base Level Computer
Type: IDIQ
The Defense Information Systems Agency (DISA) has a requirement for hardware/software acquisition, maintenance and technical support services.

m. Technical Support For DISA's Integrated Information Management
Type: Cost Plus Award Fee
The Defense Information Systems Agency (DISA) has a continuing requirement for technical support for the Integrated Information Management System (IIMS) in the Joint Systems Support Center.

n. VAX H/W Maintenance
Type: Firm Fixed Price, IDIQ
The Defense Information Systems Agency (DISA) plans to acquire maintenance for its VAX mainframes.

o. Video Teleconferencing System
Type: Firm Fixed Price, IDIQ
The Defense Information Systems Agency (DISA) intends to acquire a Video Teleconferencing System for the White House Communications Agency.

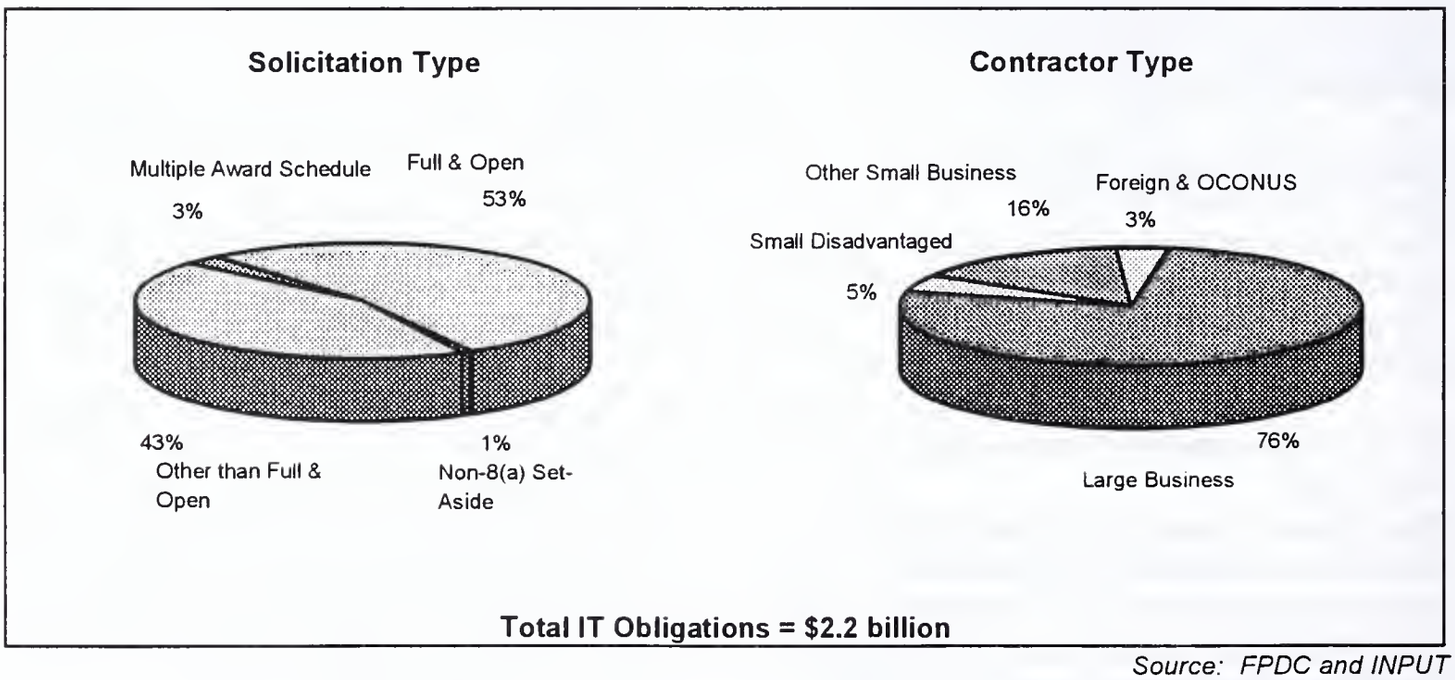
DISA Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Defense Information Systems Agency to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Domestic contractors performing work outside the continental United States (OCONUS) and foreign contractors are represented by the "foreign and OCONUS" component under Contractor Type.

Exhibit 4

Acquisition Profile for the Defense Information Systems Agency
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Defense Information Systems Agency is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at DISA
FY 1996

1. AT&T Corporation
2. MCI Communications Corporation
3. NET Federal, Inc.
4. Computer Sciences Corporation
5. Electronic Data Systems Corporation
6. BDM International
7. Unisys Corporation
8. Satellite Communications Systems
9. Lockheed Martin Corporation
10. Boeing Company

Source: FPDC and INPUT

Exhibit 6

Top DISA Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$905,684	11. Texas	$18,406
2. Washington, DC	560,143	12. Hawaii	15,364
3. Maryland	272,997	13. Illinois	13,698
4. Ohio	49,653	14. California	11,306
5. New York	46,658	15. Colorado	10,984
6. North Carolina	42,985	16. Pennsylvania	8,193
7. Arkansas	30,408	17. Missouri	7,503
8. New Jersey	25,339	18. Oklahoma	6,301
9. Massachusetts	22,429	19. Florida	3,969
10. Washington	19,117	20. Alabama	3,727

All figures in $ Thousands

Source: FPDC and INPUT

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Defense Information Systems Agency. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Defense Information Systems Agency

Program	Type	Size	Description
CIM SETA SUPPORT CONTRACT (CIM SETA)	Professional Services Firm Fixed Price, IDIQ	$ 200 M 5 years	EDS, SAIC, CACI, Abacus Technology and SofTech provide systems engineering and technical support services for DISA's Center for Software, previously known as the Center for Information Management (CIM). Awarded in May, 1993
GOVERNMENT EMERGENCY TELECOMMUNICATIONS SERVICE (GETS)	Network/Telcom Services Cost Plus Award Fee	$ 50 M 7 years	AT&T, MCI, US Sprint and GTE provide emergency telecommunications services to the federal government in the event of damage to the public switched network from natural disasters or war. Awarded in June, 1993
OPERATION OF SECURE VIDEO TELECONFERENCING SYSTEM	Video Teleconferencing Firm Fixed Price, IDIQ	$ 4 M 5 years	Kestrel Associates, Inc. provides for the operation of the Secure Video Teleconferencing System (SVTS). Awarded in June, 1993
SCAMPI TELECOMMUNICATIONS NETWORK (SCAMPI)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 19 M 5 years	SIGCOM provides for the design, engineering, installation and maintenance of SCAMPI, a leased telecommunications network used to transfer C3I between the U.S. SOCOM and its components, as well as other federal agencies. Awarded in July, 1993

Major Contracts at the Defense Information Systems Agency (cont.)

Program	Type	Size	Description
SECURE VIDEO TELECONFERENCING SYSTEM ENGINEERING SUPPORT AND MAINTENANCE (SVTS)	Video Teleconferencing Firm Fixed Price, IDIQ	$ 15 M 5 years	Harris provides for the design, development, procurement, installation and testing of improvements and enhancements to the Secure Video Teleconferencing System. Awarded in September, 1993
DEFENSE ENTERPRISE INTEGRATION SERVICES (DEIS)	Professional Services Firm Fixed Price, IDIQ	$ 1.2 B 7 years	The Defense Enterprise Integration Services (DEIS) contractors, CSC, BDM, EDS, Lockheed Martin, Unisys and Boeing, provide support services to all phases of the technical integration function throughout all DoD agencies. Awarded in November, 1993
GLOBAL COMMAND AND CONTROL SYSTEM MAINTENANCE CONTRACT (GCCS)	Professional Services Firm Fixed Price, IDIQ	$ 193 M 5 years	Raytheon E-Systems provides the Department of Defense with contractor support of the Worldwide Military Command and Control System (WWMCCS) which will evolve into the Global Command and Control System (GCCS). Awarded in February, 1994
AFRTS WORLDWIDE T.V. AND RADIO SERVICE (AFRTS)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 59 M 6 years	US Electro Dynamics operates the Armed Forces Radio and TV Service (AFRTS), designed to provide timely American news, sports, information and entertainment to U.S. forces in 10 foreign countries. Awarded in May, 1994
GLOBAL TRANSPORTATION NETWORK FOR THE USTRANSCOM (GTN)	Computer Equipment Cost Plus Award Fee	$ 38 M 7 years	Unisys develops, fields and maintains a command and control system which supports decision-making in peacetime, crisis and wartime for the United States Transportation Command (USTRANSCOM). Awarded in March, 1995

Major Contracts at the Defense Information Systems Agency (cont.)

Program	Type	Size	Description
INTERNAL MANAGEMENT INFORMATION SYSTEM (IMIS)	Network/Telcom Services	$ 4 M 5 years	Decision Systems Technology develops, administers and maintains the Internal Management Information System to facilitate internal communications within DISA. Awarded in April, 1995
DEFENSE MESSAGE SYSTEM (DMS-GOSIP)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 500 M 8 years	Lockheed Martin (formerly Loral Federal) provides the design and implementation of a worldwide secure messaging system to replace the Automatic Digital Network (AUTODIN) in all DoD agencies. Awarded in May, 1995
INFOSEC TECHNICAL SERVICES CONTRACT (CISS-ITS)	Professional Services Firm Fixed Price, IDIQ	$ 1.1 B 5 years	CSC, SAIC and Merdan Group provide technical support for information systems security (INFOSEC) applications to DoD and other federal agencies. Awarded in July, 1995
SYSTEM ENGINEERING AND TECHNICAL ASSISTANCE FOR THE NCS (SETA)	Network/Telcom Services Cost Plus Award Fee	$ 46 M 5 years	Booz-Allen & Hamilton provides the National Communications System (NCS) Office with technical and engineering expertise to perform system planning, operational analyses and automated program planning. Awarded in August, 1995
INMARSAT DIGITAL USAGE SERVICES (INMARSAT)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 3 M 5 years	COMSAT and IDB Mobil Communications provide the Department of Defense with International Maritime Satellite (INMARSAT) usage services. Awarded in February, 1996

Major Contracts at the Defense Information Systems Agency (cont.)

Program	Type	Size	Description
SETA FOR NATIONAL MILITARY COMMAND SYSTEM	Professional Services Firm Fixed Price, IDIQ	$ 32 M 5 years	Booz-Allen & Hamilton provides the Joint Interoperability and Engineering Organization with command center systems engineering and technical support services for the National Military Command System (NMCS). Awarded in April, 1996
DISN SUPPORT SERVICES - GLOBAL (DSSG)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 750 M 5 years	Boeing provides international network and telecommunications services to DoD personnel, supporting implementation of the DISN effort to connect voice, data and video networks into one system. Awarded in June, 1996
DEFENSE ENTERPRISE INTEGRATION SERVICES II (DEIS II)	Professional Services Firm Fixed Price, IDIQ	$ 3 B 5 years	CSC, BDM, EDS, Lockheed Martin, Unisys and Boeing provide ongoing support services for all phases of the technical integration functions throughout the Department of Defense agencies. Awarded in July, 1996
DISN SWITCH/BANDWIDTH MANAGER SERVICES - CONUS (DS/BMSC)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 400 M 9 years	MCI provides the Defense Information Systems Agency (DISA) with switch/bandwidth manager services for the continental U.S. (CONUS) in support of the Defense Information Systems Network (DISN). Awarded in August, 1996
GLOBAL COMMAND AND CONTROL SYSTEM MAINTENANCE CONTRACT (GCCS)	Professional Services Firm Fixed Price, IDIQ	$ 193 M 5 years	Raytheon E-Systems provides the Department of Defense with contractor support of the Worldwide Military Command and Control System (WWMCCS) which will evolve into the Global Command and Control System (GCCS). Awarded in September, 1996

Major Contracts at the Defense Information Systems Agency (cont.)

Program	Type	Size	Description
WIDE AREA NETWORK SERVICES (DISANET)	LAN/WAN Firm Fixed Price, IDIQ	$ 2.5 M 5 years	Prosoft provides DISA's Local Area Network (LAN) Services Directorate is seeking a contractor to provide LAN/WAN operations and maintenance support. Awarded in September, 1996
DISN TRANSMISSION SERVICES - CONUS (DTSC)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 5 B 9 years	AT&T provides the Defense Information Systems Agency (DISA) with transmission services for the continental United States (CONUS) in support of the Defense Information Systems Network (DISN). Awarded in January, 1997
HAWAII INFORMATION TRANSFER SYSTEM (HITS)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 291 M 10 years	AT&T provides a single consolidated Defense Information System (DIS) communications network for Hawaiian users. Awarded in February, 1997
DISN VIDEO SERVICES - GLOBAL (DVSG)	Video Teleconferencing Firm Fixed Price, IDIQ	$ 125 M 5 years	AT&T provides the Defense Information Systems Agency (DISA) with global video services in support of the Defense Information Systems Network (DISN). Awarded in February, 1997
JOINT INTEROPERABILITY AND ENGINEERING ORGANIZATION'S DEFENSE INFORMATION INFRASTRUCUTRE INTEGRATION CONTRACT (JIEO-DIIIC)	Systems Integration Firm Fixed Price, IDIQ	$ 285 M 5 years	SAIC provides the Defense Information Systems Agency (DISA) with Defense Information Infrastructure (DII) integration support for the Joint Interoperability and Engineering Organizations (JIEO). Awarded in March, 1997

Source: INPUT

Issues at DISA

1. A recent GAO report highlights a problem DISA is dealing with in resolving the Year 2000 date problem for the Department of Defense. The report (AIMD-97-112) charges DISA with making a complete and accurate enterprisewide inventory of information systems as a basic and necessary first step in planning remedies for the Year 2000 problem. The primary inventory system, the Defense Integration Support Tools database (DIST), is acknowledged to contain duplicate, outdated and erroneous information. Some defense components have lost confidence in DIST and have developed their own systems for inventory. DISA has acknowledged the problem and is taking steps to purge, update and restore confidence in the DIST database.

2. The Department of Defense has received a conditional passing grade from the Office of Management and Budget in its summary of quarterly progress reports from agencies on the Year 2000 problem. The August 15, 1997 report, "Progress on Year 2000 Conversion", places DOD in the second category of agencies, those for which OMB has concerns, but expects progress. For agencies in this category, FY 1999 funding for Information Technology is contingent upon continued progress in addressing Year 2000 problems. OMB stated as a concern the large number and variety of systems and interfaces and the substantial number of systems still being assessed. OMB cited as evidence of progress that the department remains on its Y2K schedule and has given the problem a high priority.

3. Problems with the DISN Transmission Services-CONUS contract have delayed implementation of the Defense Information System Network . AT&T won the contract in January 1997 with a controversial bid which was a third lower than Sprint and MCI. The contract calls for the completion of a nation-wide Synchronous Optical Network (SONET) backbone by November 1997 but AT&T does not expect to have it ready until late 1998. The SONET service can bypass a line break almost instantaneously and is the backbone of the DISN system. DISA is considering what action to take and has issued warnings to AT&T concerning its performance.

On-Line Information Resources

The Defense Information Systems Agency maintains a World Wide Web site accessible at "http://www.disa.mil". This site contains extensive information on activities and DISA's role in current events.

The Site also establishes links to the 4 main program activities within DISA. Information about GCCS, GCSS, DMS and DISN may be found on the home page.

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Agency Profile

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Department of Agriculture

Purpose

The Department of Agriculture (USDA) is the primary federal agency which develops the domestic agricultural industry and rural communities, preserves and enhances the environment, reduces poverty and malnutrition and provides standards for and inspection of the domestic food supply.

Table of Contents

The Department develops the domestic agricultural industry and rural communities through financial support and utility development. Poverty and malnutrition is curbed through welfare and financial aid programs, such as the food stamps program. The Department also develops standards and safeguards designed to protect people from food contaminants.

Organization

The Department of Agriculture was created by act of May 15, 1862 (7 U.S.C. 2201) but did not become an executive department until 1889, when its powers and duties were enlarged. The Department was restructured into its present form under the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994.

The USDA is administered by the Secretary of Agriculture, appointed by the President with the advice and consent of the Senate, who is aided by the Deputy Secretary, six Under Secretaries and three Assistant Secretaries. The Under and Assistant Secretaries are responsible for the daily activities of the Department's various program areas. Direct operational support to the Secretary is provided primarily by the Chief of Staff, Chief

Financial Officer, Chief Information Officer, Chief Economist and the Inspector General.

The Department of Agriculture carries out its activities through an extensive network of partnerships with public and private entities, and it conducts these activities in a largely decentralized manner. Departmental oversight and direction are carried out at USDA's Washington, DC headquarters. The USDA is currently directed by Secretary Daniel R. Glickman.

The organizational structure of the Department of Agriculture is presented in Exhibit 1.

Exhibit 1

Department of Agriculture Organization

Secretary
Deputy Secretary
Staff Offices:

- Chief of Staff
- Chief Financial Officer
- Chief Information Officer
- Chief Economist
- Communications
- Budget and Program Analysis
- General Counsel
- Inspector General
- Judicial Officer
- Department of Agriculture Graduate School

Major Program Offices:

- Administration
- Farm and Foreign Agriculture Services
- Food, Nutrition and Consumer Services
- Food Safety
- Marketing and Regulatory Programs
- Natural Resources and Environment
- Research, Education and Economics
- Rural Development
- Congressional Relations

Source: U.S. Government Manual 1996/1997

Program Activities

Below are the seven primary functions of the Department of Agriculture and a brief description of the corresponding USDA organizations.

a. Rural Development

The Department of Agriculture assists in improving the quality of life for rural Americans. To this end, the Department fosters cooperative relationships among government, industry and communities and administers rural development loan and grant programs through three agencies and approximately 1,580 rural development field offices, which report directly to the Under Secretary for Rural Development.

- Rural Business-Cooperative Service - The Service (RBS) was established by Public Law 103-354 to carry out principal programs under the Consolidated Farm and Rural Development Act and the Food, Agriculture, Conservation and Trade Act of 1990, both designed to provide leadership in building competitive rural businesses. The major activities of RBS include commercial lending, revolving loan funds, technical assistance, empowerment programs and cooperative services.

- Rural Housing Service - The Rural Housing Service (RHS) provides loans and grants to rural residents and communities unable to obtain credit from commercial sources. The Service operates under Title V of the Housing Act of 1949 and the Consolidated Farm and Rural Development Act.

- Rural Utilities Service - The Rural Utilities Service (RUS) operates the Electric Program and the Telecommunications Program to assist rural electric and telephone utilities in obtaining financing. Financing is used to construct electric generating plants, as well as transmission and distribution lines to provide reliable electric and telecommunications service. RUS also administers a nationwide water and waste disposal loan and grant program.

b. Marketing and Regulatory Programs

The Department of Agriculture administers a host of marketing and regulatory programs to promote agricultural products and standards other than those concerned with food safety. Headed by the Assistant Secretary for Marketing and Regulatory Programs, three primary USDA organizations execute these programs.

- Agricultural Marketing Service - The Agricultural Marketing Service was established by the Secretary of Agriculture on April 2, 1972, under the authority of Reorganization Plan No. 2 of 1953. The Service administers various programs to promote U.S. agricultural industry at home and abroad, including standardization, grading, inspection and quality assurance, certification, market news, marketing orders, research and regulatory programs.

- Animal and Plant Health Inspection Service - The Service was established to conduct regulatory and control programs to protect and improve the health of animals and plants. In cooperation with state governments, the organization administers federal laws and regulations pertaining to animal and plant health and quarantine, humane treatment of animals and the control and eradication of pests and diseases. It also carries out research and operational activities to reduce natural crop and livestock depredations.

- Grain Inspection, Packers and Stockyards Administration - The Administration (GIPSA) comprises the former Federal Grain Inspection Service and the former Packers and Stockyards Administration. GIPSA is responsible for establishing official U.S. standards for grain and other assigned commodities, and for administrating a nationwide official inspection and weighing system. It also authorizes private and state agencies to perform official services under the authority contained in the Food Security Act of 1985.

c. Food Safety

The Department of Agriculture administers inspection and regulatory programs to promote food safety. Headed by the Under Secretary for Food Safety, the Food Safety and Inspection Service is the primary USDA organization charged with carrying out these programs.

- Food Safety and Inspection Service - The Service (FSIS) was established by the Secretary of Agriculture on June 17, 1981. FSIS is delegated with the authority to regulate the meat, poultry and egg industry to ensure that products moving in interstate and foreign commerce are safe for consumption and are accurately labeled. The Service also inspects facilities and equipment to ensure compliance with all federal safety and sanitation regulations.

d. Food, Nutrition and Consumer Services

The USDA coordinates consumer education and outreach activities, encourages consumer involvement in agricultural policy-making and ensures that consumer concerns and interests are adequately addressed. It also emphasizes the use of Electronic Benefits Transfer (EBT) to eliminate paper distribution of nutritional assistance programs, such as food stamps.

- Food and Consumer Service - In cooperation with state and local governments, the Food and Consumer Service is the primary USDA organization that administers programs to make food assistance available to people who need it. Major programs include food stamps, food distribution and school breakfast and summer school nutritional programs. The Service, formerly the Food and Nutrition Service, was established on August 8, 1969.

e. Farm and Foreign Agricultural Services

The Department of Agriculture administers farm commodity, crop insurance and resource conservation programs for farmers, and it makes agricultural assistance loans through a network of state and county offices. Agency programs are directed at agricultural producers or, in the case of loans, at those with farming experience.

- Farm Service Agency - The Farm Service Agency administers commodity, emergency assistance and related land use programs designed for voluntary production adjustment, resource protection and price, market and farm income stabilization. Program operations and administration are largely carried out at the state and agricultural county levels, which are headed by local committees appointed by the Secretary of Agriculture.

- Commodity Credit Corporation - The Corporation stabilizes and protects farm income and prices, assists in maintaining balanced and adequate supplies of agricultural commodities and facilitates the orderly distribution of such commodities. The Corporation is managed by a seven-member board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is the ex officio director and chairman of the board.

- Federal Crop Insurance Corporation - The Corporation (FCIC) is a government-owned corporate entity whose purpose is to improve the economic stability of agriculture through a system of crop insurance. FCIC funds protect against unavoidable production losses and provide an alternate form of coverage for crops that are currently not insurable.

- Foreign Agricultural Service - The Foreign Agricultural Service (FAS) has primary responsibility for USDA's overseas market information, access and development programs. It also administers export and foreign food assistance programs through a network of agricultural counselors, attaches and trade officers stationed overseas.

f. Research, Education and Economics

The Department of Agriculture creates, applies and transfers knowledge and technology in an effort to provide affordable, safe and nutritional food products. To this end, the Department conducts integrated research, information, education and statistical programs and services on a national and international basis.

- Agricultural Research Service - The Service (ARS) develops and provides access to information and technology needed to solve technical agricultural problems of broad scope and high national priority. Headquartered in Beltsville, Maryland, the ARS carries out its research activities at 104 domestic and three overseas locations. Much of this research is

conducted in cooperation with state universities and experiment stations, other federal agencies and private organizations.

- Cooperative State Research, Education and Extension Service - The Service (CSREES) combines the functions of the former Cooperative State Research Service and the Extension Service to link the research and education resources and activities of USDA, and it works with various public and private institutions to maximize their effectiveness. CSREES relies heavily on distance learning programs and, as a result, places significant effort in the design, organization and application of advanced communication technologies.

- Economic Research Service - The Economic Research Service (ERS) provides economic and other social science information and analysis related to agriculture, food, natural resources and rural America. The information is available to the general public and is utilized by the executive and legislative branches to develop, administer and evaluate agricultural and rural policies and programs. ERS also administers the Office of Energy and New Uses, which serves as the focal point for all energy-related matters within the Department.

- National Agricultural Statistics Service - This USDA organization prepares estimates and reports on production, supply, price and other items necessary for the orderly operation of the U.S. agricultural economy. The Service performs reimbursable survey work and statistical consulting services for other federal and state agencies, and it provides technical assistance for developing agricultural data systems in other countries.

- Department of Agriculture Graduate School - The Department of Agriculture Graduate School is a continuing education school offering career-related training. It is self-supporting and does not receive direct appropriated funds from Congress or the Department of Agriculture. USDA does, however, provide much of the school's faculty and general supervision.

g. Natural Resources and Environment

The Department of Agriculture provides stewardship of approximately 75% of the nation's total land area. Under this program activity, the Department strives to preserve natural resources and sustain productive ecosystems through research and educational activities, as well as financial assistance programs. Two primary organizations are charged with these activities:

- Forest Service - The Forest Service was created by the Transfer Act of February 1, 1905, which transferred responsibility of the federal forest reserves from the Department of the Interior to the Department of Agriculture. To maintain woodland integrity and sustainability, the Service provides technical and financial assistance to state and private forest landowners, advocates conservation ethics, offers international technical assistance and scientific exchanges and provides work, training and education to the unemployed.

- Natural Resources Conservation Service - The Natural Resources Conservation Service (NRCS), formerly the Soil Conservation Service, has national responsibility for assisting farmers, ranchers and other private landowners in the development and execution of voluntary efforts to conserve and protect natural resources. The Service is USDA's primary organization for the delivery of technical assistance to landowners for conservation purposes.

Program Budget

Federal funding for the Department of Agriculture is expected to remain relatively constant over the next five years, from $59.5 billion in FY 1997 to $66.2 billion in FY 2002. Many of the USDA's principal accounts will experience negative growth for the five year period, some examples of which are the Office of the Secretary and most of the rural support accounts.

The program budget for the Department of Agriculture is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Department of Agriculture

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Office of the Secretary	$16	$109	$109	$109	$9	$9	$9
Executive Operations	26	26	32	31	31	30	30
Departmental Administration	181	191	186	202	202	202	202
Office of Communications	8	8	8	8	8	8	8
Office of the Inspector General	64	63	65	65	65	65	65
Office of the General Counsel	28	28	29	29	29	29	29
Economic Research Service	53	53	54	54	54	54	54
National Agricultural Statistics Service	81	100	120	107	102	93	101
Agricultural Research Service	740	786	786	765	777	789	800
Cooperative State Research, Education, and Extension Service	913	915	845	845	845	840	840
Animal and Plant Health Inspection Service	459	473	462	465	469	474	480
Food Safety and Inspection Service	545	574	201	201	201	201	201
Grain Inspection, Packers and Stockyards Administration	23	23	10	7	7	7	7
Agricultural Marketing Service	646	472	521	477	477	477	477
Risk Management Agency	1,650	1,849	1,828	1,745	1,812	1,896	1,994
Farm Service Agency	7,143	8,709	9,674	9,334	8,950	7,770	7,505

Program Budget of the Department of Agriculture (cont.)

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Natural Resources Conservation Service	941	832	821	821	821	821	821
Rural Development	0	0	689	707	726	745	765
Rural Utilities Service	667	-389	-469	-1,795	-732	-1,252	-697
Rural Housing Service	1,792	1,141	515	223	217	899	1,341
Rural Business - Cooperative Service	128	99	62	62	62	62	62
Foreign Agricultural Service	622	610	631	665	665	690	720
Food and Consumer Service	39,746	40,891	40,673	42,815	44,119	45,395	47,334
Forest Service	3,023	3,142	2,933	2,892	2,942	2,992	3,041
Total Program Budget	**59,495**	**60,705**	**60,785**	**60,834**	**62,858**	**63,296**	**66,189**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at the Department of Agriculture is projected to increase from $879 million in FY 1997 to $1 billion in FY 2002 at a CAGR of 2.8%. This growth will be primarily driven by the strong anticipated markets for support services (11.9% CAGR) and software leases (13.7% CAGR). Collectively, these components represent 54% of the addressable portion of USDA's IT budget (all funds less supplies and personnel). The department's total addressable budget is expected to increase steadily from $538 million in FY 1997 to $761.5 million in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of the USDA is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Department of Agriculture

Category	Spending in Obligations by FY in $ Millions						CAGR
	1997	1998	1999	2000	2001	2002	1997-2002
Equipment:							
Capital Purchases	$169	$138	$144.9	$153.6	$164.3	$177.5	1%
Other Purchases and Leases	39	47	49.4	52.3	56	60.5	9.2%
Total Equipment	**208**	**185**	**194.3**	**205.9**	**220.3**	**237.9**	**2.7%**
Software:							
Capital Purchases	37	24	25.7	27.7	30.2	33.3	-2.1%
Other Purchases and Leases	19	26	27.8	30	32.8	36	13.7%
Total Software	**56**	**50**	**53.5**	**57.8**	**63**	**69.3**	**4.4%**
Services (Processing and Telecom.)	**59**	**60**	**63**	**66.7**	**71.5**	**77.2**	**5.5%**
Support Services	**215**	**253**	**275.8**	**303.3**	**336.7**	**377.1**	**11.9%**
Contracted Out Portion of IT Budget	**538**	**548**	**586.5**	**633.8**	**691.5**	**761.5**	**7.2%**
Supplies	**20**	**20**	**21**	**22.3**	**23.8**	**25.7**	**5.2%**
Personnel	**321**	**326**	**306.4**	**281.9**	**253.7**	**223.3**	**-7%**
Total IT Budget	**879**	**894**	**914**	**938**	**969**	**1,010.5**	**2.8%**

Source: Department of Agriculture and INPUT

IT Contract Opportunities

The major Department of Agriculture acquisitions summarized below are currently active:

a. ADP/IRM Support Services
Type: Firm Fixed Price, IDIQ
The Farmers Home Administration (FmHA) will recompete its existing contract for ADP and IRM Support Services.

b. Procurement Systems for Use in the Development of a USDA Procurement System
Type: TBD
The Department of Agriculture (USDA) has a requirement for a new departmental procurement system that covers all aspects of the procurement process- acquisition planning, requisitioning, buyer assignment and delegation, order consolidation, etc.

c. Remote Sensing and Image Processing
Type: TBD
The US Forest Service (USFS) has a requirement for remote sensing and image processing software modules for its 900 field offices nationwide.

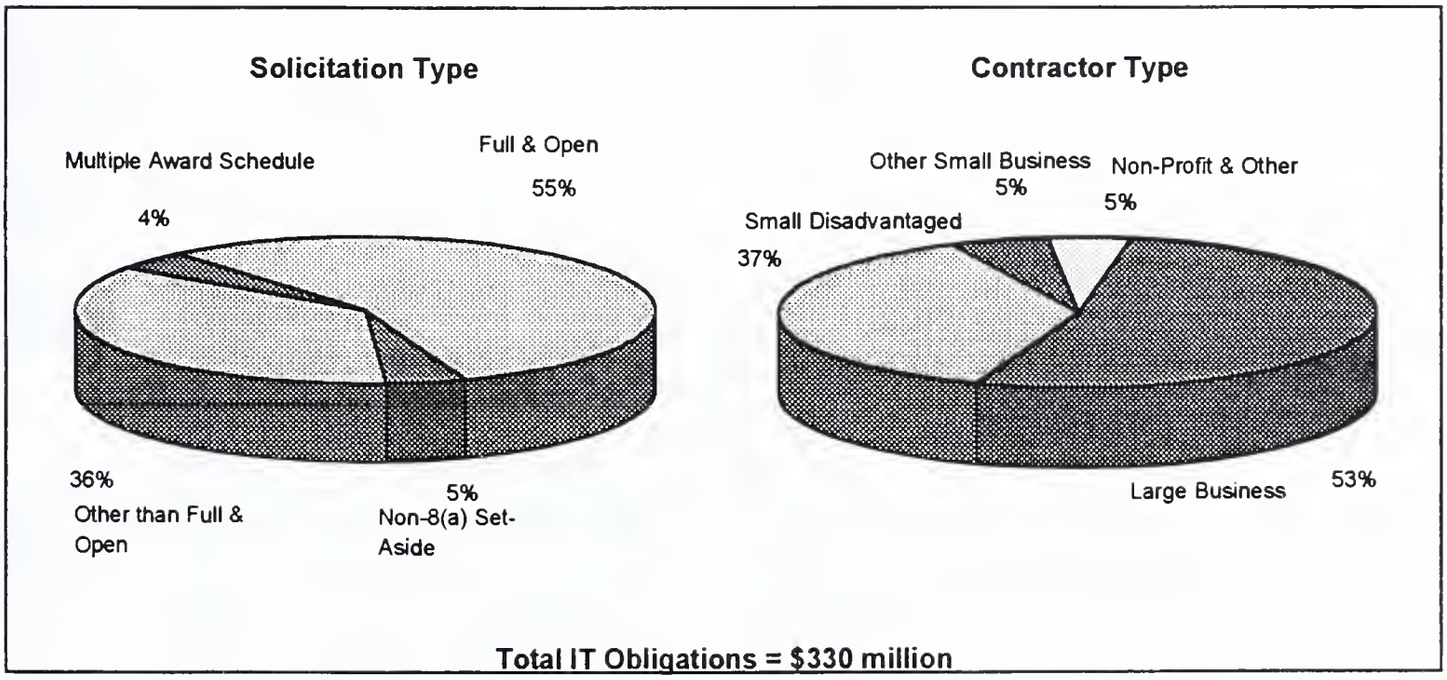
USDA Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Department of Agriculture to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases.

Exhibit 4

Acquisition Profile for the Department of Agriculture
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Department of Agriculture is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at the USDA
FY 1996

1. IBM
2. Micro Star
3. Nyma Corporation
4. American Management Systems
5. Government Micro Resources
6. Kajax Engineering
7. Electronic Data Systems
8. Unisys
9. Bay State Computers, Inc.
10. Bohdan Associates

Source: FPDC and INPUT

Exhibit 6

Top Department of Agriculture Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Missouri	$83,796	11. Massachusetts	$3,169
2. Maryland	65,494	12. Kansas	3000
3. Washington, DC	43,894	13. New Jersey	2,343
4. Colorado	41,230	14. Georgia	2,065
5. Virginia	34,093	15. Wisconsin	2,009
6. Louisiana	14,292	16. New York	1,823
7. California	7,264	17. Texas	1,681
8. North Carolina	4,077	18. Michigan	1,141
9. Oregon	3,796	19. Illinois	1,126
10. Florida	3,625	20. Montana	1,048

All figures in $ Thousands

Source: FPDC and INPUT

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Department of Agriculture. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Department of Agriculture

Program	Type	Size	Description
SOFTWARE SUPPORT SERVICES FOR THE PROCESSED COMMODITIES INVENTORY MANAGEMENT SYSTEM (PCIMS)	Software Maintenance Firm Fixed Price, IDIQ	$ 23.5 M 5 years	EDS provides software support services for the Processed Commodities Inventory Management System (PCIMS), a comprehensive management information system used to purchase and distribute agricultural commodities throughout the U.S. Awarded in September, 1993
COMPUTER FACILITY MANAGEMENT	Outsourcing Firm Fixed Price, IDIQ	$ 10 M	Kajax Engineering provides comprehensive computer facilities management support for USDA's Commodity Credit Corporation. Awarded in August, 1994
COTTON MANAGEMENT SYSTEM (CMS)	Applications Ops./Mgmt. Cost Plus Fixed Fee	$ 12 M 5 years	EDS provides daily operations and maintenance of the Cotton Management System, one of three major inventory management systems at the Kansas City Commodity Office. Awarded in December, 1994
INTEGRATED INFORMATION MANAGEMENT PROGRAM (FEDCAC 107)	Systems Integration Firm Fixed Price, IDIQ	$ 276 M 12 years	IBM provides ADP systems and integration services at 880 Forest Service offices nationwide to support office automation functions and provide a tool for managing spatially referenced natural resource information. Awarded in February, 1995

Major Contracts at the Department of Agriculture (cont.)

LONG-TERM SUPPORT SERVICES	Professional Services Firm Fixed Price, IDIQ	$ 13 M 5 years	Management Assistance Corporation provides professional and technical support services for the Telecommunications and Applications Service Center in Fort Collins, Colorado and the National Information Technology Center in Kansas City, Missouri. Awarded in April, 1995
ADP/IRM SUPPORT SERVICES	Professional Services Firm Fixed Price, IDIQ	$ 105 M 5 years	Unisys provides the Farmers Home Administration with applications software development, system software development, office automation, project management and other related ADP/IRM functions. Awarded in June, 1995
INTEGRATED SYSTEMS ACQUISITION PROJECT (ISAP)	Systems Integration Firm Fixed Price, IDIQ	$ 425 M 11 years	Lockheed Martin (formerly IBM Government Systems) provides the Animal and Plant Health Inspection Service with LANs, WANs, micro- and mini-computers, peripherals, software and support services for its nationwide integrated office automation network. Awarded in September, 1995
ADP SUPPORT SERVICES	Professional Services Firm Fixed Price, IDIQ	$ 215 M 5 years	The Department of Agriculture's Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS) has awarded five contracts to provide a wide range of Information Resource Management (IRM) developmental and support services. Awarded in January, 1997
LOCAL AREA NETWORK SUPPORT ACQUISITION PROJECT (LAN-SAP)	LAN/WAN Firm Fixed Price, IDIQ	$ 20.2 M 5 years	Digital Systems Research Inc. will fulfill the USDA's Office of Information Management requirement for local area network (LAN) support.. Awarded in July, 1997

Source: INPUT

Issues at the Department of Agriculture

1. The Department of Agriculture has been cited for inadequate progress in addressing the Year 2000 problem by the Office of Management and Budget in its summary of quarterly progress reports from agencies. The August 15, 1997 report, "Progress on Year 2000 Conversion", places Agriculture in the first category of agencies, those where "there is insufficient evidence of progress." The Department is cited for missing the completion date for problem assessment and for being only 38% complete with assessment. Department components not yet reporting completed assessment may not purchase new information technology products. Agriculture reported that only 10% of the agency's 1,239 systems were Year 2000 compliant. The Department estimates the total cost for Year 2000 conversion at $113.5 million.

2. The Department of Agriculture has made minimal progress in instituting the reforms required by the recent procurement reform laws. A GAO Report of May 14, 1997 (T-AIMD-97-90) cites Agriculture for a long history of poorly planned and managed information technology projects with the resulting waste of millions of dollars. The report suggests that Congress may wish to limit funding for information technology to those needs required to support ongoing operations until progress is shown.

Management of information technology at USDA is made difficult by the large number of diverse agencies within the Department A further obstacle has been the lack of a permanent chief information officer until Anne Thomson Reed was appointed CIO in August 1997. The new CIO will lead a team that will oversee a major reorganization within the USDA and implement its IRM Modernization Plan. One of the main goals will be inter-organizational coordination to end the past process of the 30 USDA agencies and staff offices operating independently to address their respective information technology needs.

3. In a controversial procurement the Department of Agriculture has been awarded a $250 million contract from the Federal Aviation Administration. The selection of the USDA over industry vendors for the Integrated Computing Environment-Mainframe and Networking (ICE-MAN) contract in May 1997 has raised interesting questions about the direction of procurement reform. The FAA did briefly suspend the contract to determine if any OMB rules concerning public/private competition had been violated. The USDA's Kansas City, MO National Information Technology Center (NITC) will perform the work.

On-Line Information Resources

The Department of Agriculture maintains a World Wide Web home page accessible at "http://www.usda.gov". This site contains USDA organizational information, press releases, coverage of major issues and agricultural legislation, as well as descriptions of major departmental program activities.

Also provided is a link to procurement information within the agency, which can be accessed directly at "http://www.usda.gov/da/procure.htm". Agriculture's acquisition organizations and contacts are provided, in addition to information on current business opportunities. USDA's National Information Technology Center recently unveiled its own World Wide Web home page, which can be reached at "http://www.net.usda.gov/oo/technology.htm".

Major Points of Contact

Secretary of Agriculture
Daniel R. Glickman
14th Street and Independence Avenue, SW
Washington, DC 20250
(202) 720-3631

Director, Office of Communications
Tom Amontree
(202) 720-4623

Chief Information Officer
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This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Brian M. Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

INPUT®

Agency Profile

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National Aeronautics and Space Administration

Purpose

The National Aeronautics and Space Administration (NASA) develops, constructs, tests and operates aeronautical and space vehicles and conducts research to investigate aeronautical travel inside and outside the earth's atmosphere. Furthermore, it coordinates the use of scientific and engineering resources for both national and international research efforts in space exploration.

Table of Contents

Organization

The National Aeronautics and Space Administration was established by the National Aeronautics and Space Act of 1958 (42 U.S.C. 2451).

NASA is headed by the Administrator, appointed by the President with the advise and consent of the Senate, who is aided by the Deputy Administrator and 18 Associate Administrators. Associate Administrators have direct oversight of NASA's various staff offices and seven program offices. Direct operational support is provided by the Chief Financial Officer, Chief Information Officer, Chief Scientist, Chief Engineer and the Inspector General.

To further assist the Administrator, the Aerospace Safety Advisory Panel (ASAP) and the NASA Advisory Council provide advice and consultation on matters pertaining to the agency's policies, programs and strategies.

ASAP consists of nine members, appointed by the Administrator, who advise the agency and Congress on all safety-related issues. The NASA Advisory Council directs seven standing advisory committees, which offer assistance ranging from the general guidance of the agency to handling specific issues.

The primary functions of the National Aeronautics and Space Administration are carried out at its Washington, DC headquarters and 11 space centers and laboratories throughout the U.S. Each center is headed by a Director, who carries out the respective daily activities of the center and reports directly to the Administrator, Daniel S. Goldin.

The organizational structure of the National Aeronautics and Space Administration is presented in Exhibit 1.

Program Activities

Planning, directing and managing research and development programs are the responsibility of seven program offices, all of which report to and receive overall guidance and direction from the Administrator. Below are the primary NASA program activities:

a. Aeronautics

The Office of Aeronautics conducts programs that pioneer the identification, development, verification, transfer, application and commercialization of aeronautics technologies. The office seeks to promote economic growth and security and to enhance U.S. competitiveness through civil and military aircraft and through a national aviation system. Additionally, the office is responsible for managing the Ames, Dryden Flight, Langley and Lewis Research Centers.

b. Space Access and Technology

The Office of Space Access and Technology develops space technologies and proactively transfers those technologies to aerospace and non-aerospace applications. This is primarily done by developing partnerships with industry, academia and other government agencies. The office is also responsible for planning and assessing technology development requirements and executing agency-wide activities which satisfy these requirements.

c. Life and Microgravity Sciences and Applications

The Office of Life and Microgravity Sciences and Applications is responsible for NASA's programs concerned with life support research and technologies, space human factors, occupational health issues and aerospace medicine. The office provides planning, development, integration and operations support for science payloads on all space carriers. The office also establishes requirements and standards for the design, development and operation of human space flight systems and facilities.

d. Mission to Planet Earth

The Office of Mission to Planet Earth conducts the agency's programs that study the global climate and the integrated functioning of the earth as a system. This involves developing and managing remote sensing satellites and instruments, aircraft and ground measurement tools, as well as data and information systems needed to support the objectives of the U.S. Global Change Research Program. The office also has institutional management responsibility for the Goddard Space Flight Center and maintains contact with the National Academy of Sciences and other science boards and committees.

e. Space Science

The Office of Space Science conducts programs and research designed to study the origin, evolution and structure of the universe and

the solar system. The office also manages NASA's activities at the Jet Propulsion Laboratory and serves as liaison to the Space Studies Board of the National Academy of Sciences.

f. Space Flight

The Office of Space Flight is NASA's principal organization for manned space flight operations and utilization. The office operates the space shuttle and the spacelab and is currently leading the development of the International Space Station. The office is also responsible for institutional management of the Kennedy Space Center, Marshall Space Flight Center, Johnson Space Center and the Stennis Space Center.

g. Space Communications

The Office of Space Communications is responsible for meeting NASA's aeronautics and space flight requirements for both manned and unmanned missions. To this end, the office supports spacecraft operations and control centers, ground and space communications, data acquisition and processing, flight dynamics and trajectory analyses, spacecraft tracking and applied research and development of new technology.

Major Field Centers

Below are the primary NASA field centers and a brief description of their activities and responsibilities:

a. Ames Research Center

The center, located at Moffett Field, California, provides leadership for NASA's airspace systems operations, astrobiology and information systems research and technology development. The center fulfills this function through the conduct and management of various research and technology programs. The goal of these activities is to achieve the nation's aeronautics and space objectives and to enhance economic prosperity.

b. Dryden Flight Research Center

Dryden Flight Research Center, which is located in Edwards, California, conducts aerospace flight research and aircraft operations in support of agency and national needs. The center also provides operational landing support for the national space transportation system.

c. Goddard Space Flight Center

The center, located in Greenbelt, Maryland, develops earth-orbiting spacecraft and conducts flight operations and experiments. It also develops and operates tracking and data acquisition systems to support mission operations. Furthermore, the center conducts many of NASA's research programs, including space physics research programs, earth and life science programs, information systems technology development, planetary science experiments and sensor development for environmental and ocean dynamics monitoring.

d. Jet Propulsion Laboratory

The Jet Propulsion Laboratory, which is operated under contract by the California Institute of Technology in Pasadena, California, develops spacecraft and space sensors. It also conducts mission operations and ground-based research in support of solar system exploration, earth and life science and applications, earth and ocean dynamics, space physics, astronomy and information systems technology.

e. Johnson Space Center

The Johnson Space Center, located in Houston, Texas, is the host center for the Space Station Program Office and manages the development and operation of the space

shuttle. The center recruits, selects and trains all astronauts for various missions. Furthermore, it is responsible for developing and testing space flight payloads and associated systems for manned flight, for planning and conducting manned space flight missions and for directing medical, engineering and scientific experiments.

f. Kennedy Space Center

The Kennedy Space Center, located in Cape Canaveral, Florida, designs, constructs, operates and maintains space vehicle facilities and ground support equipment for launch and recovery operations. The center is also responsible for pre-launch and landing operations, as well as payload processing for the space shuttle.

g. Langley Research Center

Langley Research Center, located in Hampton, Virginia, performs a wide variety of research for the discovery and application of aviation and aeronautics technologies. To support NASA's overall mission, the center studies, among others, general aviation commuter aircraft technology, military aircraft and missile systems technology, aerospace vehicle structures and materials, automation and robotics, aircraft flight control systems, remote sensor and data acquisition and communication technology, atmospheric sciences and space power conversion and transmission.

h. Lewis Research Center

The Lewis Research Center in Cleveland, Ohio, supports NASA's research efforts in aeropropulsion, space power and microgravity science and technology. The center also conducts research in the disciplines of materials, structures, internal fluid mechanics, instrumentation, controls and electronics.

i. Marshall Space Flight Center

The Marshall Space Flight Center in Huntsville, Alabama, is responsible for the development and testing of the space shuttle's fuel systems. The center also oversees the development of the spacelab and conducts research in structural systems, materials science engineering, electronics, guidance, navigation and control systems.

j. Stennis Space Center

The Stennis Space Center, which is located in Bay St. Louis, Mississippi, plans and manages research and development activities in the fields of space and terrestrial applications, space flight, oceanography, meteorology and environmental sciences.

k. Wallops Flight Facility

The Wallops Flight Facility, located on Wallops Island, Virginia, is NASA's principal facility for the management and implementation of sub-orbital research programs. More specifically, the facility manages sounding rocket and scientific balloon programs to conduct observational earth sciences studies. It also provides launch support for the Small Expendable Launch Vehicle Services (SEL VS) program and operates the Wallops Test Range and Orbital Tracking Station.

Exhibit 1

NASA Organization

Administrator
Deputy Administrator

Advisory Groups:

- Aerospace Safety Advisory Panel
- NASA Advisory Council

Staff Offices:

- Chief Financial Officer
- Chief Information Officer
- Chief Scientist
- Chief Engineer
- Inspector General
- Equal Opportunity Programs
- External Relations
- Human Resources & Education
- General Counsel
- Legislative Affairs
- Public Affairs
- Management Systems and Facilities
- Headquarters Operations
- Policy and Plans
- Procurement
- Small and Disadvantaged Business Utilization
- Safety and Mission Assurance

Program Offices:

- Aeronautics
- Space Access and Technology
- Life and Microgravity Sciences and Applications
- Mission to Planet Earth
- Space Science
- Space Flight
- Space Communications

Major Field Centers:

- Ames Research Center — Moffett Field, CA
- Dryden Flight Research Center — Edwards, CA
- Goddard Space Flight Center — Greenbelt, MD
- Jet Propulsion Laboratory — Pasadena, CA
- Johnson Space Center — Houston, TX
- Kennedy Space Center — Cape Canaveral, FL
- Langley Research Center — Hampton, VA
- Lewis Research Center — Cleveland, OH
- Marshall Space Flight Center — Huntsville, AL
- Stennis Space Center — Bay St. Louis, MS
- Wallops Flight Facility — Wallops Island, VA

Source: U.S. Government Manual 1996/1997

Program Budget

With only minor exceptions, federal funding for the National Aeronautics and Space Administration is expected to remain relatively constant over the next five years, from $4.9 billion in FY 1997 to $5.3 billion in FY 2002. The only substantial growth occurs in Air Transportation for Mission Support which is anticipated to reach $485 million by FY 2002, up from $418 million in FY 1997.

The program budget for the Department of State is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the National Aeronautics and Space Administration

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Human Space Flight	$5,527	$5,622	$5,397	$5,376	$5,147	4,902	4,746
Space Flight, Research and Supporting Activities (Science, Aeronautics and Technology)	5,032	4,746	4,722	4,789	4,947	5,135	5,172
Air Transportation (Science, Aeronautics and Technology)	897	844	920	837	803	817	817
Space Flight, Research and Supporting Activities (Mission Support)	2065	2123	2064	2006	1889	1928	2031
Air Transportation (Mission Support)	418	439	449	453	465	470	485
Office of the Inspector General	16	17	18	19	19	19	19
Total Program Budget	**4,896**	**5,007**	**5,323**	**6,104**	**5,210**	**5,262**	**5,292**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at the National Aeronautics and Space Administration is projected to increase from $1.5 billion in FY 1997 to $1.8 billion in FY 2002 at a CAGR of 4% — 1.5% lower than the average for federal civilian agencies. This moderate growth will be primarily driven by the strong anticipated market for capital purchases of software (7.8% CAGR). The department's total addressable budget is expected to increase steadily from $1.4 billion in FY 1997 to $1.76 billion in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of NASA is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the National Aeronautics and Space Administration

Category	Spending in Obligations by FY in $ Millions						CAGR
	1997	1998	1999	2000	2001	2002	1997-2002
Equipment:							
Capital Purchases	$243.6	$192.7	$202.3	$214.5	$229.5	$247.9	.3%
Other Purchases and Leases	30.9	32.5	34.1	36.1	38.7	41.8	6.2%
Total Equipment	**274.5**	**225.2**	**236.4**	**250.6**	**268.2**	**289.6**	**1.1%**
Software:							
Capital Purchases	33.9	35.6	38.1	41.2	44.9	49.4	7.8%
Other Purchases and Leases	13.3	12.7	13.5	14.6	15.9	17.5	5.6%
Total Software	**47.3**	**48.3**	**51.7**	**55.8**	**60.8**	**66.9**	**7.2%**
Services (Processing and Telecom.)	**70.8**	**63.5**	**66.7**	**70.7**	**75.6**	**81.7**	**2.9%**
Support Services	**1,006.3**	**887.6**	**967.4**	**1,064.2**	**1,181.2**	**1,323**	**5.6%**
Contracted Out Portion of IT Budget	**1,399**	**1,224.5**	**1,322.2**	**1,441.3**	**1,585.8**	**1,761.2**	**4.7%**
Supplies	**15.3**	**13.2**	**13.9**	**14.7**	**15.7**	**17**	**2.2%**
Personnel	**99.4**	**93**	**87.4**	**80.4**	**72.4**	**63.7**	**-8.5%**
Total IT Budget	**1,513.7**	**1,330.7**	**1,423.5**	**1,536.4**	**1,673.9**	**1,841.9**	**4%**

Source: NASA and INPUT

IT Contract Opportunities

The major NASA acquisitions summarized below are currently active:

a. Computational Administrative Professional and Engineering Services (CAPES)
Type: Cost Plus Award Fee
The Lewis Research Center has a continuing need for computational, administrative, professional and engineering support services.

b. Computational Capability Resources
Type: TBD
NASA intends to acquire ongoing resources capable of large scale engineering and scientific applications processing to support researchers efforts.

c. Data Analysis and Scientific Support
Type: Cost Plus Fixed Fee
The Goddard Space Flight Center (GSFC) Earth Sciences Directorate's Geodynamics Branch has a requirement for scientific data analysis support and software support to its principal investigators.

d. Fully Integrated Aircraft Management Information System Software
Type: TBD
NASA's Aircraft Management Office intends to implement various commercial off-the-shelf (COTS) applications to support the maintenance, logistics, engineering, and operations functions associated with supporting NASA's fleet of commercial and research aircraft.

e. High Performance Local Area Network Equipment
Type: Firm Fixed Price, IDIQ
NASA has a need for high performance local area network (LAN) equipment.

f. Information and Communications Support Services
Type: TBD
This program provides network and technical support services to the Information and Communications Division at the Ames Research Center (ARC).

g. Joint Base Operations and Support Contract (J-BOSC)
Type: TBD
The Kennedy Space Center (KSC), the 45th Space Wing and their customers require unified base support. The objective of this program is to provide safe access to space through premier base support for the entire space launch community. Services will meet changing mission requirements, showing flexibility and innovation in the face of changing requirements. System dependability, resource protection, proactive and interactive customer support, and visionary long range planning leading to overall cost reductions and infrastructure modernization are also important.

h. Maintenance of Honeywell Computers
Type: Firm Fixed Price, IDIQ
This program provides for hardware and software maintenance on existing and recently acquired large Honeywell systems and peripherals. The existing large systems include H66/80 mainframes, DPS8 mainframes and DPS 90 systems.

i. Mission Operations, Systems Engineering and Software (MOSES)
Type: TBD
NASA's Goddard Space Flight Center (GSFC) is expected to have continuing requirements in support of the Hubble Space Telescope (HST) mission operations and servicing mission responsibilities of the HST Operations and Ground Systems (O&GS) Project.

j. Operation Development Maintenance Modification of Simulation Laboratory Facilities
Type: Cost Plus Incentive Fee
The National Aeronautics and Space Administration(NASA) intends to acquire the operation, development, maintenance and modification of the simulation laboratory facilities at NASA/Ames Research Center. The simulator facilities include the Crew Vehicle Systems Research Facility (CVSRF) and the Vertical Motion Simulation Complex (VMSC).

k. Operations Automatic Data Processing
Type: TBD
This opportunity will provide resources and support for package computer systems at the Johnson Space Center.

l. Outsourcing Desktop Initiative for NASA
Type: Firm Fixed Price, IDIQ
NASA plans to acquire desktop and hardware support, including administrative workstations and some scientific and engineering workstations.

m. Scientific and Engineering Workstation Procurement III (SEWP III)
Type: Firm Fixed Price, IDIQ
Similar to the original SEWP and SEWP II contracts, SEWP III contracts will acquire, deliver, install and support high performance workstations compatible with the existing infrastructure.

n. Scientific Computer and Research and Development Support Services
Type: Cost Plus Incentive Fee, IDIQ
NASA's Goddard Space Flight Center (GSFC) is seeking potential contractors to create end-to-end systems and technologies that are able to transform remotely sensed data into useful information for NASA research and for public applications through creation of prototype systems and validation of the technologies in actual applications.

o. Shuttle Training Aircraft Support Services (STASS)
Type: TBD
The Shuttle Training Aircraft Support Services contract will provide continuing support services to the Aircraft Operations Division for the Shuttle Training Aircraft (STA).

p. Space Science Data Operations Office (SSDOO)
Type: Cost Plus Award Fee
The Space Science Data Operations Office (SSDOO), previously known as the National Space Science Data Center (NSSDC), at the Goddard Space Flight Center (GSFC) has an ongoing requirement for operations and analysis support services.

q. Technical Services Contract
Type: TBD
This contract will provide ongoing test operations and technical support services.

r. Training Systems Center (TSC)
Type: TBD
The Mission Support Directorate of the Johnson Space Center (JSC) has an ongoing need for engineering and integration support for pilot training and simulation systems.

s. White Sands Test Facility Site Support
Type: TBD
This program will provide continuing technical support services to NASA at the White Sands Test Facility in Las Cruces, NM.

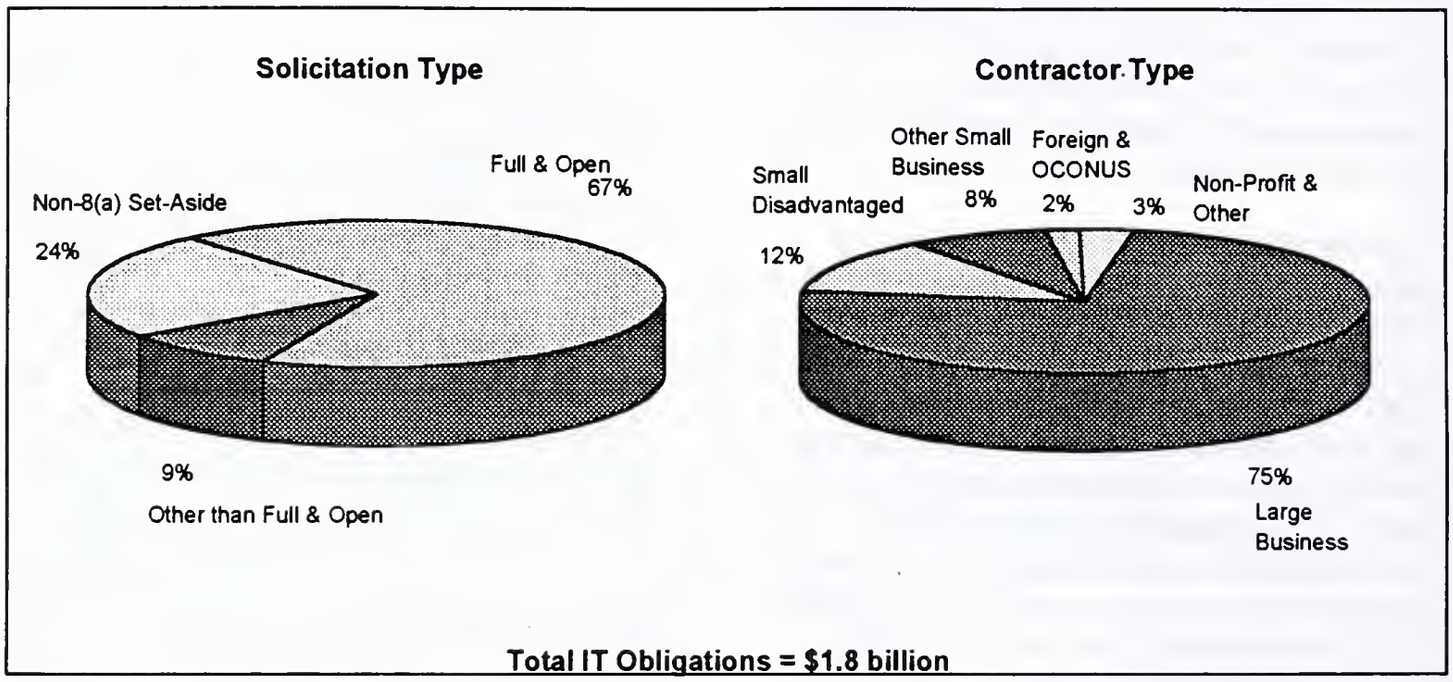
NASA Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the National Aeronautics and Space Administration to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and workshop organizations comprise the "non-profit and other" contractor component. Domestic contractors performing work outside the continental United States (OCONUS) and foreign contractors are represented by the "foreign and OCONUS" component under Contractor Type.

Exhibit 4

Acquisition Profile for the National Aeronautics and Space Administration
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with NASA is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at NASA
FY 1996

1. Lockheed Martin
2. Computer Sciences Corporation
3. Northrop Grumman
4. Sterling Software, Inc.
5. Boeing
6. Silicon Graphics
7. Government Micro Resources
8. Nyma Corporation
9. Cray Research, Inc.
10. TRW, Inc.

Source: FPDC and INPUT

Exhibit 6

Top NASA Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Texas	$449,776	11. Massachusetts	$8,156
2. Maryland	329,429	12. Connecticut	6,976
3. Virginia	204,906	13. Oklahoma	6,973
4. California	191,201	14. New Mexico	6,034
5. Alabama	165,036	15. Pennsylvania	5,752
6. Florida	154,559	16. Utah	2,228
7. Ohio	129,356	17. Colorado	1,909
8. Missouri	36,061	18. New Jersey	1,842
9. Washington, DC	29,804	19. Hawaii	1,413
10. Wisconsin	19,660	20. New York	1,246

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the National Aeronautics and Space Administration. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the National Aeronautics and Space Administration

Program	Type	Size	Description
ENGINEERING SUPPORT SERVICES	Professional Services Cost Plus Award Fee	$ 120 M 5 years	I-Net constructs designs, studies and investigations for the center's aerospace ground systems research, technology and engineering development tasks. Awarded in October, 1992

Major Contracts at the National Aeronautics and Space Administration (cont.)

BASE OPERATIONS SUPPORT	Platform Operations Cost Plus Award Fee	$ 1.9 B 10 years	Lockheed Martin provides professional support in the areas of management, operation, maintenance and engineering for the center's utilities, facilities and technical and administrative operations. Awarded in October, 1992
INFORMATION SYSTEMS CONTRACT (ISC)	Professional Services Cost Plus Award Fee	$ 300 M 5 years	Northrop Grumman provides FIP resources for various ISC programs, including host computers, networks, telecommunications, workstations, applications software, security and IRM planning. Awarded in November, 1992
ENGINEERING ANALYSIS AND DATA SYSTEM (EADS II)	Systems Software Firm Fixed Price, IDIQ	$ 123.8 M 8 years	Cray-Grumman Systems, a joint venture, provides an integrated replacement system for the Engineering Analysis and Data System to upgrade its storage, computational and network capabilities. Awarded in November, 1992
NAS PROCESSING SYSTEM NETWORK - HI SPEED PROCESSOR 3 (NAS NPSN 3)	Supercomputers Firm Fixed Price, IDIQ	$ 65 M 7 years	Cray Research provides supercomputers and associated professional services for the NAS Processing System Network (NPSN), a major NASA research and development program. Awarded in December, 1992
SCIENTIFIC AND ENGINEERING WORKSTATION PROCUREMENT (SEWP)	Computer Equipment Firm Fixed Price, IDIQ	$ 827 M 5 years	SEWP has two objectives; (1) to further NASA's migration to an open systems environment, and (2) to give NASA users the hardware and software necessary to maintain a competitive edge in their fields. To this end, SEWP provides for the acquisition, delivery, installation and delivery of support services for seven classes of scientific and engineering workstations. Awarded in February, 1993
EARTH OBSERVING SYSTEM DATA INFORMATION SYSTEM (EOSDIS) CORE SYSTEM (ECS)	Systems Software	$ 500 M 10 years	Hughes Information Technology designs, develops, implements and tests the ground systems for the Earth Observing System Data Information System (EOSDIS). Awarded in April, 1993

Major Contracts at the National Aeronautics and Space Administration (cont.)

PIONEER MISSION OPERATIONS SUPPORT SERVICES	Hardware Maintenance Cost Plus Award Fee	$ 6.4 M 5 years	Allied Signal provides for operation and maintenance services at the NASA Ames Research Center. Awarded in April, 1993
SCIENTIFIC COMPUTER OPERATIONS MAINTENANCE AND COMMUNICATIONS (SCOMAC)	Platform Operations Cost Plus Award Fee	$ 200 M 7.5 years	CSC provides services in computer operations, hardware and software maintenance, installation, communications support and management of the center's Central Scientific Computing Complex. Awarded in July, 1993
SCIENTIFIC, ENGINEERING, TECHNICAL, ADMINISTRATIVE, AND RELATED SERVICES (SETARS)	Professional Services Cost Plus Award Fee	$ 250 M 5 years	NYMA provides scientific, engineering, administrative, technical and related services in direct support of the center's research and technology programs. Awarded in August, 1993
SHUTTLE TRAINING AIRCRAFT SUPPORT SERVICES (STASS)	Professional Services Cost Plus Award Fee	$ 40 M 5 years	Loral provides the Aircraft Operations Division with support services for the Shuttle Training Aircraft (STA). Awarded in October, 1993
SATELLITE LASER RANGING NETWORK	Professional Services Level Of Effort	$ 23.8 M 5 years	Allied Signal directly supports the NASA Goddard Space Flight Center's Satellite Laser Ranging (SLR) Mission. Awarded in November, 1993
OPERATIONS AND MAINTENANCE OF RADAR, TELECOMMUNICATIONS, AND OPTICAL SYSTEMS, AND METEOROLOGICAL FORECASTING (RADAR SVCS)	Hardware Maintenance Cost Plus Award Fee	$ 43.1 M 5 years	Allied Signal provides non-personnel support services for the operations and maintenance of radar, telecommunications, and optical systems, and meteorological forecasting at Goddard Space Flight Center/Wallops Flight Facility and various other sites around the world. Awarded in December, 1993
WHITE SANDS TEST FACILITY SITE SUPPORT	Professional Services Cost Plus Award Fee	$ 170 M 5 years	Allied Signal provides technical assistance, systems engineering and other ADP support services for the White Sands Test Facility in Las Cruces, New Mexico. Awarded in December, 1993

Major Contracts at the National Aeronautics and Space Administration (cont.)

ENGINEERING TEST AND ANALYSIS SUPPORT CONTRACT (ETA)	Professional Services Cost Plus Award Fee	$ 2.8 B 10 years	Lockheed Martin provides personnel, equipment, management and materials to support the Johnson Space Center's space flight laboratories. Awarded in December, 1993
COMPUTATIONAL ADMINISTRATIVE PROFESSIONAL AND ENGINEERING SERVICES (CAPES)	Professional Services Cost Plus Award Fee	$ 16 M 5 years	Recom Technologies provides the Lewis Research Center with on-site Computational, Administrative, Professional, and Engineering Services (CAPES). Awarded in February, 1994
DIGITAL VOICE TELECOMMUNICATIONS SYSTEM (DVTS)	Network/Telcom Services Firm Fixed Price, IDIQ	$ 10 M 5 years	Rolm Company provides the NASA Kennedy Space Center's Space Station Processing Facility (SSPF) with a digital voice telecommunication system (DVTS). Awarded in March, 1994
HARDWARE INTERFACE MODULE REPLACEMENT (HIM)	Computer Equipment Firm Fixed Price, IDIQ	$ 62 M 5 years	DNE Technologies provides 226 Hardware Interface Module replacements and supporting spares as part of the Checkout, Control and Monitor Subsystem of the Space Shuttle Launch Processing System. Awarded in March, 1994
PROGRAM INFORMATION SYSTEMS MISSION SERVICES (PRISMS)	Professional Services Cost Plus Award Fee	$ 1 B 8 years	CSC provides professional support for the Program Support Communications Network (PSCN) and agency-wide information management services to which the center has been assigned. Awarded in May, 1994
INDEPENDENT VERIFICATION & VALIDATION SUPPORT SERVICES (IV&V)	Professional Services Level Of Effort	$ 85.7 M 10 years	Intermetrics independently monitors the performance of Hughes' work on the NASA Earth Observing System Data Information System (EOSDIS) Core System program (ECS). Awarded in June, 1994
DATA COMMUNICATIONS SUPPORT SERVICES (CSS)	Professional Services Cost Plus Award Fee	$ 42 M 3 years	I-Net provides network and technical support services at the NASA Ames Research Center (ARC). Awarded in August, 1994

Major Contracts at the National Aeronautics and Space Administration (cont.)

TEST AND TECHNICAL SERVICES (TTSC)	Professional Services Cost Plus Award Fee	$ 72 M 5 years	Lockheed Martin provides test operations and technical support services, including instrumentation and laboratory support, software development, systems design, engineering and space shuttle engine testing. Awarded in August, 1994
EOS DATA AND OPERATIONS SYSTEM (EDOS)	Professional Services Cost Plus Award Fee	$ 121 M 95 mos.	TRW provides the definition, design, installation and maintenance of a control center for NASA's Earth Observing System (EOS). Awarded in September, 1994
MISSION SUPPORT SERVICES	Professional Services Cost Plus Fixed Fee	$ 15.5 M 5 years	Science Systems Applications provides the Goddard Institute for Space Studies with comprehensive support services. Awarded in September, 1994
TRACKING AND DATA RELAY SATELLITE SYSTEM H,I,J (TDRS H,I,J)	Communications Equipment	$ 482 M 10 years	Hughes Aircraft provides three additional satellites for the Tracking and Data Relay System (TDRSS), which relays data from platforms such as NASA's Earth Observing System satellites and the space shuttle. Awarded in February, 1995
SAFETY, RELIABILITY, MAINTAINABILITY AND QUALITY ASSURANCE (SRMQA)	Professional Services Cost Plus Award Fee	$ 279 M 10 years	Loral Space Information Systems provides software, computer equipment and professional services in support of the National Space Transportation System, the Space Station and the Orbiter/Government Furnished Equipment SRMQA Office. Awarded in April, 1995
ENGINEERING SUPPORT AND RELATED SERVICES	Professional Services Cost Plus Award Fee	$ 55 M 3 years	CSC provides on-site engineering, facilities support, computer operations, software development and maintenance, as well as instrumentation laboratory operations. Awarded in June, 1995
DEFINING SATELLITE SYSTEM CONCEPTS	Professional Services Firm Fixed Price, IDIQ	$ 1.3 M 5 years	Loral Space Information Systems provides the Lewis Research Center with expert assistance in the area of future communications satellites. Awarded in September, 1995

Major Contracts at the National Aeronautics and Space Administration (cont.)

RESEARCH AND DEVELOPMENT SUPPORT CONTRACT	Professional Services Cost Plus Award Fee	$ 38.3 M 5 years	MRJ Inc. provides the Ames Research Center with scientific computing research and development support services. Awarded in October, 1995
NASA HEADQUARTERS INFORMATION AND RESOURCE MANAGEMENT SUPPORT SERVICES (IR&M)	Professional Services	$ 200 M	Boeing provides for the Automated Data Processing and Telecommunications Facility Management requirement at NASA Headquarters in Washington, DC. Awarded in November, 1995
BUSINESS AND ADMINISTRATIVE MANAGEMENT INFORMATION SERVICES (BAMIS)	Professional Services Cost Plus Award Fee	$ 20.9 M 5 years	NCI provides business and administrative information systems support to the Business and Data Systems Division (BDSD) at NASA's Langley Research Center (LRC). Awarded in January, 1996
SCIENCE AND ENGINEERING SUPPORT SERVICES	Professional Services Cost Plus Award Fee	$ 74.5 M 5 years	Sverdrup Technology provides support services in the functional areas of systems analysis and integration, propulsion, avionics, materials and processes for the center's Science and Engineering Directorate. Awarded in February, 1996
AEROSPACE RESEARCH AND TECHNOLOGY (ART)	Professional Services Cost Plus Award Fee	$ 50M 4 years	Lockheed Martin provides technical support services in aerodynamics, gas and fluid dynamics, acoustics, structures, materials, flight systems and electronic hardware for information and electromagnetic systems. Awarded in June, 1996
UTILIZATION AND MISSION SUPPORT (UMS)	Professional Services Cost Plus Award Fee	$ 89 M 5 years	Lockheed Martin provides mission support services to the center's Mission Operations Laboratory, as well as operations and maintenance of all Mission Support Systems and software supporting flight projects. Awarded in August, 1996
SCIENTIFIC AND ENGINEERING WORKSTATION PROCUREMENT II (SEWP II)	Computer Equipment Firm Fixed Price, IDIQ	$ 1.8B 4 years	SEWP II contains seventeen IDIQ contracts. Six of the contracts offer a variety of UNIX and NT workstations. Three are server contracts. Three offer other support, network or storage devices. And four offer other services such as software, maintenance, integration, installation, assistive technology and advanced studies. Awarded in September, 1996

Major Contracts at the National Aeronautics and Space Administration (cont.)

NASA SOFTWARE IV&V	IV&V/Quality Assurance Cost Plus Fixed Fee	$ 33.1 M 8 years	Intermetrics provides NASA's Ames Research Center (ARC) with independent verification and validation (IV&V) services for NASA software. Awarded in October, 1996
TSDIS MAINTENANCE AND OPERATIONS SUPPORT SERVICES	Hardware Maintenance Cost Plus Fixed Fee	$ 8.8 M 5 years	Mentor Technologies Inc. provides NASA's Goddard Space Flight Center(GSFC)'s maintenance and operations support for the Tropical Rainfall Measuring Mission's (TRMM) Science Data and Information System (TSDIS) in the Global Change Data Center (GCDC). Awarded in September, 1997
INTEGRATED FINANCIAL MANAGEMENT PROJECT (IFMP)	Applications Software Firm Fixed Price, IDIQ	$ 186 M 3 years	Through the Integrated Financial Management Project (IFMP), KPMG Peat Marwick will implement an integrated financial management system capable of meeting the transaction tracking, financial reporting and planning requirements of the federal govemment. Awarded in September, 1997

Source: INPUT

Issues at NASA

1. NASA has strongly embraced the recent procurement reforms to streamline its procurement processes and ensure the best value in IT procurement. NASA contracting officers are unrestricted in their choice of a procurement vehicle. There are fewer sole source contracts and more large NASA and GWAC contracts. The procurement process has been streamlined by using the techniques of private industry.

The Consolidated Contracting Initiative (CCI) is one of the successful programs initiated by NASA in order to modernize its procurement process. CCI is a management process which emphasizes developing, using and sharing contract resources to meet agency objectives. NASA centers are urged to consolidate their requirements to avoid separate acquisitions for each need. An Internet site lists NASA's CCI contracts, planned contracts looking for a match and other government agency contracts available for NASA to use. NASA centers are expected to satisfy their requirements through these CCI contracts before initiating new awards.

2. NASA has received a passing grade from the Office of Management and Budget (OMB) in its August 15, 1997 report "Progress on Year 2000 Conversion." NASA was placed in the second category of agencies, those which show evidence of progress along with a few concerns. A principal concern is that completion dates are later than the government-wide goals. OMB cited as evidence of progress that there was progress on all phases of repairing a large number of complex mission critical systems. NASA expects to spend a total of $43.4 million on the Year 2000 problem.

3. The Earth Observing System Data and Information System (EOSDIS), a $685 million program being developed by Hughes Information Technology Systems, is scheduled to become operational in June 1998. The huge system is designed to gather and archive information on the total

environment of the Earth and make that information available to scientists from several government agencies via the Internet. A recent test of the system was successful. The use of mostly COTS products in the system, the largest civilian information system in existence, has complicated development but was necessary to keep costs down.

On-Line Information Resources

The National Aeronautics and Space Administration maintains a World Wide Web home page accessible at "http://www.nasa.gov". This site contains extensive information on NASA's organization, major initiatives and public information services. Links to individual NASA centers and laboratories are also provided.

For business opportunities at NASA, Marshall Space Flight Center maintains an agency-wide procurement information page accessible at "http://procure.msfc.nasa.gov/nasaproc.html". This site contains extensive information and solicitation documents for major NASA procurements organized by the contracting center. All NASA procurement home pages are interconnected to create what the agency coins the NASA Acquisition Internet Service (NAIS).

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Agency Profile

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U.S. Agency for International Development

Purpose

The U.S. Agency for International Development (USAID) administers U.S. foreign economic and humanitarian assistance programs worldwide in the developing world, Central and Eastern Europe, and the New Independent States of the former Soviet Union. The Agency was established to be a focal point within the U.S. Government for economic matters affecting U.S. relations with developing countries. The Agency's functions are policy planning, policymaking, and policy coordination on international economic issues affecting developing countries.

Table of Contents

Organization

The U.S. Agency for International Development and the Overseas Private Investment Corporation are component agencies of the U.S. International Development Cooperation Agency (IDCA). The Agency functions under an Administrator, who concurrently serves as the Acting Director of IDCA.

The U.S. Agency for International Development is headquartered in Washington, DC, but maintains missions and offices in 73 countries worldwide. USAID currently employs approximately 2900 people at its headquarters and overseas offices.

The organizational structure of the U.S. Agency for International Development is presented in Exhibit 1.

Exhibit 1

USAID Organization

Administrator
Deputy Administrator

- Bureau for Management
- Financial Management
- Staff Offices
- Policy and Program Coordination Bureau
- Legislative and Public Affairs Bureau
- Humanitarian Response Bureau
- Global Programs, Field Support, and Research Bureau
- Africa Bureau
- Latin America and the Caribbean Bureau
- Europe and the New Independent States Bureau

Source: U.S. Government Manual 1996/1997

Program Activities

Below are the primary program activities of the U.S. Agency for International Development:

a. Population and Health

USAID contributes to a global effort to stabilize world population growth and support women's reproductive rights. The types of population and health programs supported vary with the particular needs of individual countries and the kinds of approaches that local communities initiate and support. Most USAID resources are directed to the following areas: support for voluntary family planning systems, reproductive health care, needs of adolescents and young adults, infant and child health, and education for girls and women.

b. Economic Growth

USAID promotes broad-based economic growth by addressing the factors that enhance the capacity for growth and by working to remove the obstacles that stand in the way of individual opportunity. To achieve this, programs concentrate on strengthening market economies, expanding economic opportunities for the less advantaged in developing countries, and building human skills and capacities to facilitate broad-based participation.

c. Environment

USAID environmental programs support two strategic goals: reducing long-term threats to the global environment, particularly loss of biodiversity and climate change; and promoting sustainable economic growth locally, nationally and regionally by addressing environmental, economic and developmental practices that impede development and are unsustainable. Globally, AID programs focus on reducing sources and enhancing sinks of greenhouse gas emissions and on promoting innovative approaches to the conservation and sustainable use of the planet's biological diversity. This may be accomplished by improving agricultural, industrial, and natural resource management practices that play a central role in environmental degradation, strengthening public policies and institutions to protect the environment, holding dialogues with country governments and international agencies on environmental issues, and conducting environmental research and education.

d. Democracy

The Agency's strategic objective in the democracy area is the transition to and consolidation of democratic regimes throughout the world. Programs will focus on problems including human rights abuses, misperceptions about democracy and free-market capitalism, lack of experience with democratic institutions, and nonexistent, ineffectual, or undemocratic political parties. Programs also focus on disenfranchisement of

women, indigenous peoples and minorities, failure to implement national charter documents, powerless or poorly defined democratic institutions, tainted elections, and the inability to resolve conflicts peacefully.

e. Humanitarian Assistance and Post-Crisis Transitions

USAID provides humanitarian assistance to save lives, reduce suffering, help victims return to self-sufficiency, and reinforce democracy. Programs focus on disaster prevention, preparedness, and mitigation, as well as timely delivery of disaster relief and short-term rehabilitation supplies and services. Programs also help in the preservation of basic institutions of civil governance during disaster crisis, support for democratic institutions during periods of national transition, and building and reinforcement of the local capacity to anticipate and handle disasters and their aftermath.

f. Overseas Organizations

USAID country organizations are located in countries where a bilateral program is being implemented. The in-country organizations are subject to the direction and guidance of the chief U.S. diplomatic representative in the country, usually the Ambassador. The organizations report to the Agency's assistant administrators for the four geographic bureaus--the Bureaus for Africa, Asia and Near East, Europe and the New Independent States, and Latin America and the Caribbean.

There are three types of country organizations: AID missions, offices of the USAID representative, and USAID sections of the embassy. USAID missions are located in countries in which the U.S. economic assistance program is major, continuing, and usually involves multiple types of aid in several sectors. Offices of the USAID representative are located in countries in which the economic assistance program is moderate, declining, or has limited objectives. USAID sections of the embassy are located in countries where the assistance program is very small or is being phased out. The overseas program activities that involve more than one country are administered by regional offices.

Program Budget

With only minor exceptions, federal funding for USAID is expected to remain constant over the next five years, from $3.4 billion in FY 1997 to $3.4 billion in FY 2002. No account is expected to experience any considerable growth, and many accounts will experience negative growth.

The program budget for the U.S. Agency for International Development is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the U.S. Agency for International Development

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Sustainable Development Assistance Program	$1,642	$1,630	$998	$1,024	$1,051	$1,078	$1,106
Assistance for Eastern Europe and the Baltic States	463	475	492	300	175	100	50
Assistance for the New Independent States of the Former Soviet Union	518	576	900	850	800	750	675
Development Fund for Africa			700	718	737	756	776
International Disaster Assistance	181	190	190	195	200	205	210
USAID Operating Expenses	469	489	473	473	473	473	473
Foreign Service Retirement and Disability Fund	44	44	44	45	47	47	48
Office of the Inspector General	30	30	29	29	29	29	29
Urban and Environmental Credit Program	11	10	9	9	9	9	9
Housing and other Credit Guaranty Programs	8	19	26	13	13	15	20
Microenterprise and other Development	2	2	2	2	2	2	2
Total Program Budget	**3,368**	**3,465**	**3,863**	**3,658**	**3,536**	**3,464**	**3,398**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at USAID is projected to increase from $61.4 million in FY 1997 to $73.7 million in FY 2002 at a CAGR of 3.7% — almost 2% lower than the average for federal civilian agencies. This moderate growth will be primarily driven by the strong anticipated markets for capital purchases of software (10.5% CAGR) and other software purchases and leases (11.6% CAGR). The department's total addressable budget is expected to increase steadily from $52.3 million in FY 1997 to $66.6 million in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of USAID is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the U.S. Agency for International Development

Category	Spending in Obligations by FY in $ Millions						CAGR
	1997	1998	1999	2000	2001	2002	1997-2002
Equipment:							
Capital Purchases	$4.8	$4	$4.2	$4.5	$4.8	$5.1	1.4%
Other Purchases and Leases	1.9	1.9	2	2.1	2.3	2.4	5.2%
Total Equipment	**6.7**	**5.9**	**6.2**	**6.6**	**7**	**7.6**	**2.5%**
Software:							
Capital Purchases	1.6	1.9	2	2.2	2.4	2.6	10.5%
Other Purchases and Leases	0.4	0.5	0.5	0.6	0.6	0.7	11.6%
Total Software	**2**	**2.4**	**2.6**	**2.8**	**3**	**3.3**	**10.7%**
Services (Processing and Telecom.)	**33.7**	**31.8**	**33.4**	**35.4**	**37.9**	**40.9**	**4%**
Support Services	**9.9**	**9.9**	**10.8**	**11.9**	**13.2**	**14.8**	**8.3%**
Contracted Out Portion of IT Budget	**52.3**	**50**	**52.9**	**56.6**	**61.1**	**66.6**	**4.9%**
Supplies	**1.1**	**1.1**	**1.2**	**1.2**	**1.3**	**1.4**	**5.2%**
Personnel	**8**	**8.3**	**7.8**	**7.2**	**6.5**	**5.7**	**-6.6%**
Total IT Budget	**61.4**	**59.4**	**61.9**	**65**	**68.9**	**73.7**	**3.7%**

Source: U.S. Agency for International Development and INPUT

IT Contract Opportunities

The major Agency for International Development acquisitions summarized below are currently active:

a. Automated Data Processing and Telecommunications Services
Type: Cost Plus Fixed Fee
The U.S. Agency for International Development will recompete its contract for automated data processing and telecommunications services in its move toward an open systems environment.

b. New Management Systems Support Services
Type: TBD
The U.S. Agency for International Development is expected to recompete its requirement for support services for the New Management System (NMS).

c. Technical Support Services for the US-AEP Project
USAID is expected to recompete its requirement for technical support services for the United-States-Asia Environmental Partnership (US-AEP) program.

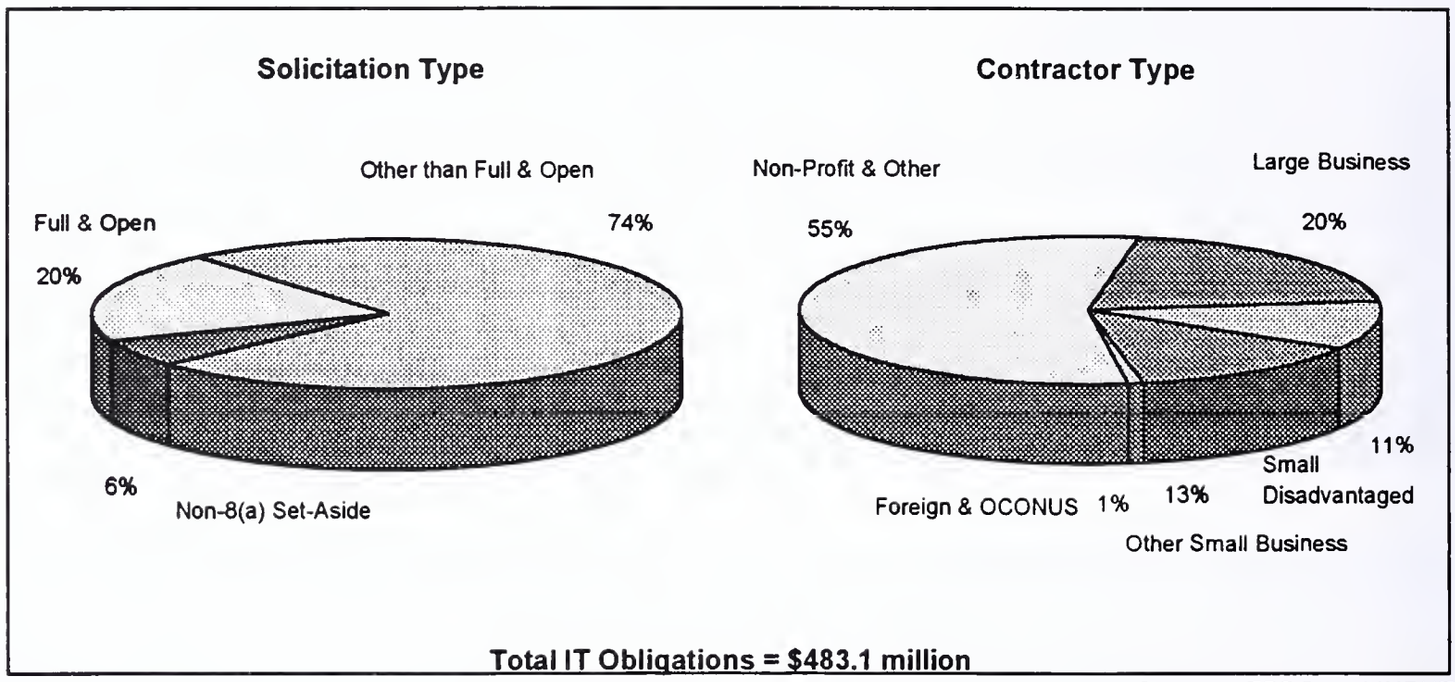
USAID Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by USAID to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and workshop organizations comprise the "non-profit and other" contractor component. Domestic contractors performing work outside the continental United States (OCONUS) and foreign contractors are represented by the "foreign and OCONUS" component under Contractor Type.

Exhibit 4

Acquisition Profile for the U.S. Agency for International Development FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with USAID is provided in Exhibit 5. Exhibit 6 lists the top 10 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. Contract actions performed in Washington, DC, Maryland and Virginia comprised 42.2% of USAID's total IT obligations during FY 1996. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at USAID
FY 1996

1. KPMG Peat Marwick
2. Partners for International Education
3. Chemonics International, Inc.
4. Partnership for Child Health Care, Inc.
5. Development Alternatives, Inc.
6. Price Waterhouse
7. ManTech International
8. John Snow, Inc.
9. RCG/Hagler Bailly, Inc.
10. Futures Group, Inc.

Source: FPDC and INPUT

Exhibit 6

Top USAID Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Washington, DC	$115,777	6. California	$6,326
2. Virginia	71,548	7. Vermont	5,150
3. Maryland	16,500	8. New York	4,365
4. North Carolina	8,578	9. Pennsylvania	220
5. Massachusetts	7,822	10. Wisconsin	144

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the U.S. Agency for International Development. Currently, the agency has one major indefinite delivery, indefinite quantity (IDIQ) contract vehicle in place, which has a potential life-time value of $37 million. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the U.S. Agency for International Development

Program	Type	Size	Description
1. Automated Data Processing and Telecommunications Services	Platform Operations Cost Plus Fixed Fee	$ 37 M 5 years	Software Control International, Inc. provides the Agency for International Development with facilities management services and systems development. The Agency for International Development will recompete its contract for facilities management, and will add systems development. Awarded in November, 1994

Source: INPUT

Issues at USAID

1. A recent GAO report (NSIAD-97-194) examines the effects of the U.S. Agency for International Development's reengineering and reforms on its overseas missions' operations and delivery of assistance. The report concludes that USAID has just begun to make some progress in changing the planning, implementing, and monitoring of projects. A chief obstacle is lack of valid and reliable performance measures. There is little baseline data on operations management to use to measure increases in efficiency of program delivery. The malfunctioning of the New Management System has been a major handicap in data gathering and operations management.

2. One of the key tools USAID developed to reform and modernize its operations has been suspended. The New Management System (NMS) was designed to enable the agency to manage its resources and monitor results more effectively by consolidating accounting, budgeting, personnel, procurement, and program operations into a single, integrated network that can be accessed worldwide. The system was unable to handle the load demanded of it and suffered transmission bottlenecks, integration problems, data errors and sluggish response times. The agency has been criticized for implementing the system before adequate testing. USAID will have spent $100 million on the NMS system by the end of fiscal year 1998. Corrective actions are being taken by the agency.

On-Line Information Resources

USAID maintains a WWW site at "http://www.info.usaid.gov/". The site contains the agency's quarterly newsletter, program updates and procurement information as well as key points of contact.

Major Points of Contact

Administrator
J. Brian Atwood
2201 C Street, NW
Washington, DC 20523
(202) 647-9620

Director, Office of Information Resources Management
John Streufort
(202) 712-5460

Director, Office of Procurement
Marcus Stevenson
(202) 875-1150

This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Brian M. Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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Agency Profile

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Social Security Administration

Purpose

The Social Security Administration (SSA) is the primary federal agency responsible for administering a comprehensive national program of contributory social security for the aged, disadvantaged and physically and mentally challenged. It is responsible for studying and making recommendations on the problems of poverty, insecurity and health care needs of such individuals and how they can be resolved through social insurance and related programs. The Administration also assigns social security numbers and birth registration documents to U.S. citizens and maintains records of reported earnings for tax purposes.

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Organization

The Social Security Administration was established under the auspices of the Department of Health and Human Services by Act of 1946 (5 U.S.C. app.). It was made an independent agency in the executive branch by the Social Security Independence and Program Improvement Act of 1994 (42 U.S.C. 901), effective March 31, 1995.

The Administration is headed by the Commissioner of Social Security, appointed by the President with the advice and consent of the Senate, who is aided by the Principal Deputy Commissioner, seven Deputy Commissioners, the Inspector General and the Chief Financial Officer.

The functions of the Social Security Administration are carried out at its Baltimore, Maryland headquarters and approximately 1,300 field offices, which are distributed among 10 regions. Each region is headed by a Regional Commissioner who has oversight of the activities within the respective district and reports directly to the Commissioner of Social Security.

SSA is currently headed by Acting Commissioner John J. Callahan and employs approximately 67,600 people nationwide, an increase of almost 4% from last year. Slightly more than 2% of the agency's employees are located in the Washington, DC area.

The organizational structure of the Social Security Administration is presented in Exhibit 1.

Program Activities

Below are the primary functional areas within the Social Security Administration:

a. Medicare

The Social Security Administration administers a national program of contributory social insurance whereby employees, employers and the self-employed pay contributions that are pooled in trust funds. When earnings stop or are reduced because the worker retires or becomes disabled, monthly cash benefits are paid to partially replace lost earnings. Contributions also finance a separate hospital insurance trust fund, which offers medical assistance to workers and their dependents when they reach 65 years of age.

Administrative responsibility of the Medicare program has been transferred to the Health Care Financing Administration (HCFA). By agreement with the Department of Labor, the Administration is also involved in administering certain aspects of the Black Lung benefits provisions of the Federal Coal Mine Health and Safety Act of 1969 (30 U.S.C. 901).

b. Federal Old-Age, Survivors and Disability Insurance (OASDI) Program

The Federal Old-Age, Survivors and Disability Insurance program provides monthly benefits to retired and disabled workers, their spouses and children and to survivors of insured workers.

c. Supplemental Security Income (SSI)

The agency administers the Supplemental Security Income program to provide a federally guaranteed minimum income for the aged, blind and disabled. This basic federal payment program is financed out of general revenue, rather than a contributory trust fund. The Social Security Administration also administers supplemental payments to those states that choose to provide additional benefits through the SSI program.

d. Black Lung

By agreement with the Department of Labor, the Social Security Administration is involved in certain aspects of the administration of the black lung benefits provisions of the Federal Coal Mine Health and Safety Act of 1969, as amended (30 U.S.C. 901).

Exhibit 1

SSA Organization

Commissioner of Social Security
Principal Deputy Commissioner

- Chief of Staff
- General Counsel
- Inspector General
- Chief Financial Officer
- Legislation and Congressional Affairs
- Human Resources
- Systems
- Finance, Assessment and Management
- Office of Programs and Policy
- Office of Operations
  - — Public Service & Operations Support
  - — Operations Component
  - — Central Records Operations
  - — Disability & International Operations

Regional Headquarters

- Region I — Boston, Massachusetts
- Region II — New York, New York
- Region III — Philadelphia, Pennsylvania
- Region IV — Atlanta, Georgia
- Region V — Chicago, Illinois
- Region VI — Dallas, Texas
- Region VII — Kansas City, Missouri
- Region VIII — Denver, Colorado
- Region IX — San Francisco, California
- Region X — Seattle, Washington

Source: U.S. Government Manual 1996/1997

Program Budget

With only minor exceptions, federal funding for the Social Security Administration is expected to remain relatively constant over the next five years, from $32.5 million in FY 1997 to $44.6 million in FY 2002. One exception is the Supplemental Security Income Program, which is expected to experience above average growth from $25.7 million in FY 1997 to $34.3 million in FY 2002.

The program budget for the Social Security Administration is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Social Security Administration

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Social Security Trust Funds	$6,148	$6,937	$7,616	$8,102	$8,660	$9,266	$9,915
Special Benefits for Disabled Coal Miners	665	630	586	561	528	494	462
Supplemental Security Income Program	25,715	29,076	27,733	30,565	34,163	30,712	34,260
Office of the Inspector General	5	6	10	10	10	10	10
Total Program Budget	**32,533**	**36,649**	**35,945**	**39,238**	**43,361**	**40,482**	**44,647**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at the Social Security Administration is projected to increase from $591.9 million in FY 1997 to $636.5 million in FY 2002 at a CAGR of 1.5%. This moderate growth will be primarily driven by the strong anticipated market for capital purchases of software (67.1% CAGR). The department's total addressable budget is expected to increase steadily from $313.3 million in FY 1997 to $434.9 million in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of SSA is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Social Security Administration

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$39.5	$83.1	$87.2	$92.4	$98.9	$106.8	22%
Other Purchases and Leases	102	96.1	100.9	106.9	114.4	123.6	3.9%
Total Equipment	**141.5**	**179.1**	**188.1**	**199.4**	**213.3**	**230.4**	**10.2%**
Software:							
Capital Purchases	0.9	8.1	8.6	9.3	10.2	11.2	67.1%
Other Purchases and Leases	3.7	7.6	8.2	8.8	9.6	10.6	23%
Total Software	**4.6**	**15.7**	**16.8**	**18.1**	**19.8**	**21.7**	**36.4%**
Services (Processing and Telecom.)	**34.6**	**26.9**	**28.3**	**30**	**32.1**	**34.7**	**0.04%**
Support Services	**132.6**	**99.4**	**108.3**	**119.2**	**132.3**	**148.2**	**2.2%**
Contracted Out Portion of IT Budget	**313.3**	**321.2**	**341.5**	**366.7**	**397.5**	**434.9**	**6.8%**
Supplies	**5.6**	**4.4**	**4.7**	**4.9**	**5.3**	**5.7**	**0.3%**
Personnel	**273**	**286**	**268.8**	**247.3**	**222.6**	**195.9**	**-6.4%**
Total IT Budget	**591.9**	**611.6**	**615**	**618.9**	**625.3**	**636.5**	**1.5%**

Source: SSA and INPUT

IT Contract Opportunities

The major Social Security Administration acquisitions summarized below are currently active:

a. Case Control System
Type: TBD
The Social Security Administration intends to acquire continued maintenance or upgrades to its existing Case Control System.

b. Electronic Print Job Transfer Software Program
Type: TBD
The Social Security Administration's Office of Publications Management is seeking information on the availability of electronic print job transfer software programs.

c. Financial Accounting System Software
Type: TBD
The Social Security Administration is seeking sources that can satisfy its requirement for financial accounting system software.

d. Investigative/Audit Management Reporting Software System
Type: TBD
SSA is seeking sources for an investigative/audit management reporting software system for the Office of the Inspector General.

e. Video Conferencing Program
Type: TBD
SSA intends to acquire resources to support its video conferencing and interactive distance learning programs.

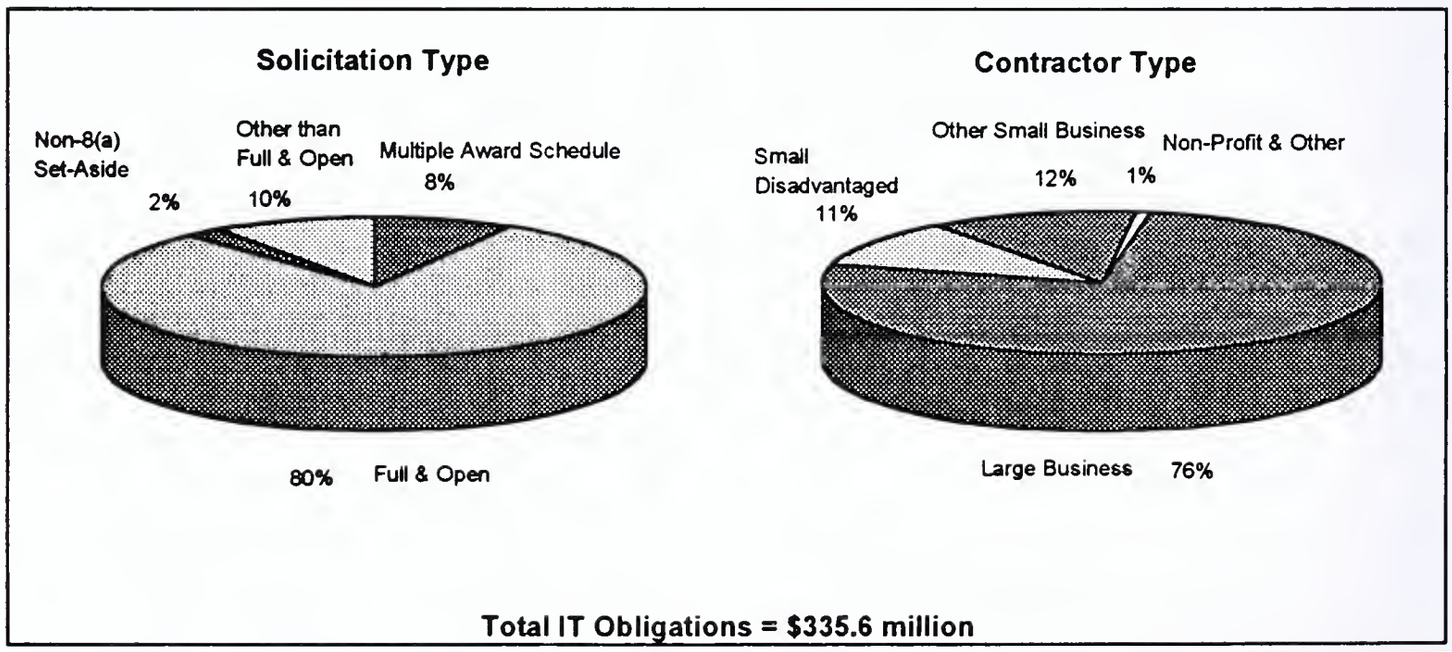
SSA Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Social Security Administration to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and workshop organizations comprise the "non-profit and other" contractor component.

Exhibit 4

Acquisition Profile for the Social Security Administration
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Social Security Administration is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at SSA
FY 1996

1. Unisys
2. Vion
3. Lockheed Martin
4. Dynamic Decisions, Inc.
5. IBM Corporation
6. Andersen Consulting
7. Racal-Datacom, Inc.
8. SETA Corporation
9. Executone Information Systems
10. Rockwell International

Source: FPDC and INPUT

Exhibit 6

Top SSA Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Illinois	$188,824	11. Texas	$1,118
2. Maryland	98,365	12. Alabama	704
3. New Jersey	12,966	13. Colorado	593
4. California	8,898	14. Arizona	420
5. Massachusetts	6,091	15. Nevada	419
6. Washington, DC	5,594	16. Florida	325
7. Pennsylvania	3,328	17. Michigan	280
8. Virginia	3,176	18. North Carolina	253
9. Missouri	1,824	19. Ohio	136
10. New York	1,536	20. Georgia	68

All figures in $ Thousands

Source: FPDC and INPUT

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at the Social Security Administration. Currently, the agency has eight major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $1.5 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at the Social Security Administration

Program	Type	Size	Description
Interim Workstation Acquisition	Computer Equipment Firm Fixed Price, IDIQ	$26M 60 mos	WIN Laboratories provides between 3,800 and 9,000 microcomputer workstations, associated software and peripherals, support services and maintenance at SSA field offices. Awarded in January, 1993
Integrated Image-Based Data Capture System	Image Systems Firm Fixed Price, IDIQ	$17M 8 years	CSC provides a COTS integrated image-based data capture system to support data processing and the Modernized Earning System at SSA's Data Operations Centers and the National Computer Center. Awarded in April, 1993
Maintenance Of Government Owned IBM Equipment	Hardware Maintenance Firm Fixed Price, IDIQ	$2.8M 5 years	Unisys will provide maintenance services for automated data processing equipment and microcode. Awarded in September, 1993
Connectivity Acquisition	Network/ Telcom Services Firm Fixed Price, IDIQ	$23M 5 years	IBM supplies local area network (LAN) hardware, software and support services to provide interconnectivity for SSA's microcomputer workstations throughout the U.S. Awarded in September, 1993
Maintenance And Relocation Of SSA LANs	Network/ Telcom Services Firm Fixed Price, IDIQ	$4M 5 years	Lockheed Martin will satisfy the Social Security Administration (SSA) requirement for LAN maintenance and relocation support services. Awarded in October, 1993
Integrated Software Support Services Contract (ISSSC)	Professional Services Cost Plus Fixed Fee	5 years	Lockheed Martin provides agency-wide software support services, including software design, development, testing, documentation and independent verification and validation (IV&V). Awarded in January, 1994
Maintenance Service for ADP Equipment Nationwide	Hardware Maintenance Firm Fixed Price, IDIQ	5 years	Unisys provides maintenance services for SSA's Automated Data Processing (ADP) equipment. Awarded in July, 1994

Major Contracts at the Social Security Administration (cont.)

Maintenance Service for ADP Equipment, Metro Region	Hardware Maintenance Firm Fixed Price, IDIQ	5 years	Vigyan provides maintenance services in the Washington, DC and Baltimore, Maryland area for approximately 23,100 personal computers, portable computers, display terminals, printers, LAN equipment and other peripheral devices. Awarded in July, 1994
Information Center Support Services Contract (ICSSC)	Professional Services Cost Plus Award Fee	4 years	SETA Corporation provides technical support and maintenance services at the Administration's End User Computing Information Center in Baltimore, Maryland. Awarded in May, 1995
IWS/LAN Telecommunications Support Services	Network/ Telcom Services Cost Plus Fixed Fee	5 years	SETA Corporation provides technical telecommunications services in support of SSA's national Intelligent Workstation/Local Area Network (IWS/LAN) program to install a common information technology infrastructure throughout the agency in a client/server environment. Awarded in June, 1995
Year 2000 Mainframe Software Tool	Professional Services Firm Fixed Price, IDIQ	5 years	Viasoft provides the Social Security Administration (SSA) with mainframe software to solve its Year 2000 problem. Awarded in July, 1995
IWS/LAN Workstation Acquisition Phase I (IWS/LAN I)	Computer Equipment Firm Fixed Price, IDIQ	$134M 3 years	Under SSA's umbrella IWS/LAN program, Unisys provides up to 56,500 microcomputers and intelligent workstations, to be installed on up to 1,742 LAN facilities nationwide. Awarded in June, 1996
Integrated Human Resources System Software (IHRS)	Software Products Firm Fixed Price, IDIQ	5 years	Andersen Consulting provides COTS software, maintenance, technical services and hotline support to automate SSA's human resource functions and business processes. Awarded in June, 1996
Mainframe Acquisition Project 2000 (MAP 2000)	Computer Equipment Firm Fixed Price, IDIQ	6 years	Vion provides mainframe central processing units (CPUs) for SSA's National Computing Center, completing the agency's transition to a fully ESCON-capable mainframe environment. Awarded in August, 1996
Remote LAN/Access Equipment And Maintenance	Network/ Telcom Services Firm Fixed Price, IDIQ	$.4M 7 years	The Social Security Administration (SSA) has acquired remote LAN/ACCESS equipment and maintenance to SSA's data network from Severn. Awarded in September, 1996
Maintenance And Relocation Of SSA LANs	Network/ Telcom Services Firm Fixed Price, IDIQ	$4M 5 years	Unisys will satisfy the Social Security Administration (SSA) requirement for LAN maintenance and relocation support services. Awarded in December, 1996

Source: INPUT

Issues at SSA

1. Security and privacy issues have forced the Social Security Administration to modify an innovative online benefits information service. The Personal Earnings and Benefit Estimate Statement (PEBES) web service allowed citizens to receive online their estimated Social Security benefits calculation along with their personal earnings history. After privacy groups protested that the online process made it too easy for someone to access another person's earning records, the SSA shut down the program in April 1997.

Citizens can currently request the information via the web but the SSA responds by mail. The agency held public hearings and is striving to balance easy access with protection of data privacy. The compromise will be to provide benefits data over the Internet only after an activation code is requested and received by e-mail. Earnings information will remain available only by mail.

2. A recent GAO Report (AIMD-98-6) examines the progress of the Social Security Administration in addressing and correcting the Year 2000 problem. The potential for disruption of services to millions of people has focused special concern on the ability of the SSA to complete corrective action before the end of the century. Although the SSA is cited as a leader in Year 2000 corrective efforts in the federal government, the report identifies mission-critical systems that are at risk. The state Disability Determination Services (DDS) systems have not yet been assessed for Y2K compliance. These systems feed information to SSA on initial disability claims. The SSA also has a very large volume of file exchanges with businesses and other federal and state agencies and is dependent upon their files and data being date compliant.

On-Line Information Resources

The Social Security Administration maintains a World Wide Web homepage accessible at "http://www.ssa.gov". This site contains extensive information on SSA and its major programs and activities.

SSA's Office of Acquisition and Grants is also accessible here for business opportunities at the agency, or can be reached directly at "http://www.ssa.gov/oag/oag1.htm". This site provides a list of all current Social Security Administration solicitations arranged by category. Also offered is an annual report of small business contracting opportunities at the agency.

Major Points of Contact

Commissioner
Kenneth S. Apfel
6401 Security Boulevard
Baltimore, MD 21235
(410) 965-3120

Associate Commissioner, Office of Communications Planning and Technology
William H. Hinkle
(410) 965-4029

Director, Office of Information Resources and Programs Contracts
Stanley J. March
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Agency Profile

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Federal Emergency Management Agency

Purpose

The Federal Emergency Management Agency (FEMA) is the central agency within the federal government for emergency planning, preparedness, mitigation, response and recovery. Working closely with state and local governments, FEMA funds emergency programs, offers technical guidance and training, and deploys federal resources in times of catastrophic disaster.

These coordinated activities help fulfill FEMA's mission, "to provide leadership and support to reduce the loss of life and property and protect our nation's institutions from all types of hazards through a comprehensive, risk-based, all-hazards emergency management program of mitigation, preparedness, response and recovery."

FEMA's mission is directed toward a vision of "a Nation that will have a public educated on what to do before, during and after a disaster to protect themselves, their families, their homes, and their businesses; structures located out of harm's way and built according to improved codes; government and private organizations with proven effective plans, necessary resources, and rigorous training for disaster response; and community plans, prepared in advance, for recovery and reconstruction after a disaster."

Table of Contents

Organization

The Federal Emergency Management Agency, an independent federal agency, was created by direction of the President (Executive Order 12127) on March 31, 1979 in order to consolidate the federal government's emergency-related programs. The agency is managed by Director James Lee Witt and employs a full time workforce of approximately 2,600 people. They work at FEMA headquarters in Washington D.C., at regional and area offices across the country, at the Mount Weather Emergency Assistance Center, and at the FEMA training center in Emmitsburg, Maryland. FEMA also has nearly 4,000 standby disaster assistance employees who are available to help out after disasters.

FEMA often works in partnership with other organizations that are part of the nation's emergency management system. These partners include state and local emergency management agencies, 27 federal agencies and the American Red Cross.

The organizational structure of the Federal Emergency Management Agency is presented in Exhibit 1.

Exhibit 1

Federal Emergency Management Agency Organization

Director

Deputy Director

Office of the Director

- Office of Congressional and Governmental Affairs
- Office of Emergency Information and Public Affairs
- Office of the General Counsel
- Office of Policy and Assessment
- Ombudsman
- Office of Human Resources Management
- Office of Equal Rights
- Office of Financial Management
- Office of Regional Operations
- Office of National Security Coordination

Primary Activity Directorates

- Mitigation Directorate
- Preparedness, Training and Exercises Directorate
- Response and Recovery Directorate
- Federal Insurance Administration
- U.S. Fire Administration
- Information Technology Services
- Operations Support Directorate
- Regional Offices (10)

Source: Government Manual 1996/97

Program Activities

The primary activities of the Federal Emergency Management Agency include:

a. Response and Recovery

The FEMA provides an integrated operational capability to respond to and recover from the consequences of a disaster, regardless of its cause, in partnership with other federal agencies, state and local governments,

volunteer organizations, and the private sector.

b. Preparedness, Training and Exercises

This directorate provides policy guidance, financial and technical assistance, training and exercise support required to establish and enhance all-hazard, risk-based emergency management capabilities of federal, state and local governments.

c. Fire Prevention and Training

This directorate prepares federal, state and local officials, their staffs, emergency first responders, volunteer groups and the public to meet the responsibilities of domestic emergencies through planning, mitigation, preparedness, response and recovery. The United States Fire Administration has responsibility for all fire and emergency medical service programs and training activities. Educational programs are provided through the National Fire Academy at the National Emergency Training Center and through the fire field training delivery systems.

d. Operations Support

This activity provides direct support and services which address the common needs of all agency programs, such as administration, acquisition, logistics, security and specialized capabilities.

e. Information Technology Services

The Information Technology Services Directorate was until recently part of the Operations Support Directorate. It provides technical support and resources to all aspects of the emergency management program. Working with other federal agencies and state and local governments, the Directorate supports communications and the integration of the FEMA-wide networks.

f. Mitigation Programs

This activity provides for the development, coordination and implementation of policies, plans, and programs to eliminate or reduce the long-term risk to life and property from natural hazards such as floods, earthquakes, hurricanes and dam failures. The goal of this activity is to encourage and foster mitigation strategies at the state and local levels.

g. Executive Direction

This activity develops strategies to address public information issues and provides staff and supporting resources for the general management and administration of the agency in legal affairs, personnel and financial management.

h. Regional Offices

The ten FEMA regional offices carry out the primary agency activities at the regional, state and local level.

Program Budget

With only minor exceptions, federal funding for the Federal Emergency Management Agency is expected to remain relatively constant from FY 1999 to FY 2002, from $799 million in FY 1999 to $738 million in FY 2002. Funding is dramatically higher in some accounts for the period FY 1996 to FY 1998. This discrepancy is mainly due to the Disaster Relief account, expected to drop from $3.4 billion in FY 1996 to only $370 million in FY 2002. Also, the National Flood Insurance Fund is expected to experience negative growth over the five year period.

The program budget for the Federal Emergency Management Agency is presented in Exhibit 2. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Federal Emergency Management Agency

Program Accounts	Budget Authority by FY in $ Millions						
	1996	1997	1998	1999	2000	2001	2002
Disaster Relief	$3,393	$1,320	$2,758	$370	$370	$370	$370
Salaries and Expenses	169	171	172	172	172	172	172
Emergency Management Planning and Assistance	203	219	202	202	202	202	202
Office of the Inspector General	5	5	5	5	5	5	5
Emergency Food and Shelter Program	100	100	100	100	100	100	100
National Flood Insurance Fund	527	114	-31	-52	-71	-93	-113
Disaster Assistance Direct Loan Payment Program	114	2	2	2	2	2	2
Disaster Assistance Direct Loan Liquidating Account	N/A	-1	-1	N/A	N/A	N/A	N/A
Total Program Budget	**4,511**	**1,930**	**3,207**	**799**	**780**	**758**	**738**

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at the Federal Emergency Management Agency is projected to increase from $91 million in FY 1997 to $100 million in FY 2002 at a CAGR of 1.9% — 3.5% lower than the average for federal civilian agencies. This moderate growth will be primarily driven by the strong anticipated markets for capital purchases of software (6.7% CAGR) and support services (8.3% CAGR). The department's total addressable budget is expected to increase steadily from $65 million in FY 1997 to $80.3 million in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of FEMA is provided in Exhibit 3. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 3

Information Technology Budget of the Federal Emergency Management Agency

Category	Spending in Obligations by FY in $ Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$9	$4	$4.2	$4.5	$4.8	$5.1	-10.6%
Other Purchases and Leases	2	2	2.1	2.2	2.4	2.6	5.2%
Total Equipment	**11**	**6**	**6.3**	**6.7**	**7.1**	**7.7**	**-6.8%**
Software:							
Capital Purchases	3	3	3.2	3.5	3.8	4.2	6.7%
Other Purchases and Leases	1	1	1.1	1.2	1.3	1.4	6.7%
Total Software	**4**	**4**	**4.3**	**4.6**	**5**	**5.5**	**6.7%**
Services (Processing and Telecom.)	**24**	**22**	**23.1**	**24.5**	**26.2**	**28.3**	**3.4%**
Support Services	**26**	**26**	**28.3**	**31.2**	**34.6**	**38.8**	**8.3%**
Contracted Out Portion of IT Budget	**65**	**58**	**62**	**67**	**73**	**80.3**	**4.3%**
Supplies	**2**	**2**	**2.1**	**2.2**	**2.4**	**2.6**	**5.2%**
Personnel	**24**	**25**	**23.5**	**21.6**	**19.5**	**17.1**	**-6.5%**
Total IT Budget	**91**	**85**	**87.6**	**90.8**	**94.8**	**100**	**1.9%**

Source: FEMA and INPUT

IT Contract Opportunities

Currently, the Federal Emergency Management Agency has no major active procurements.

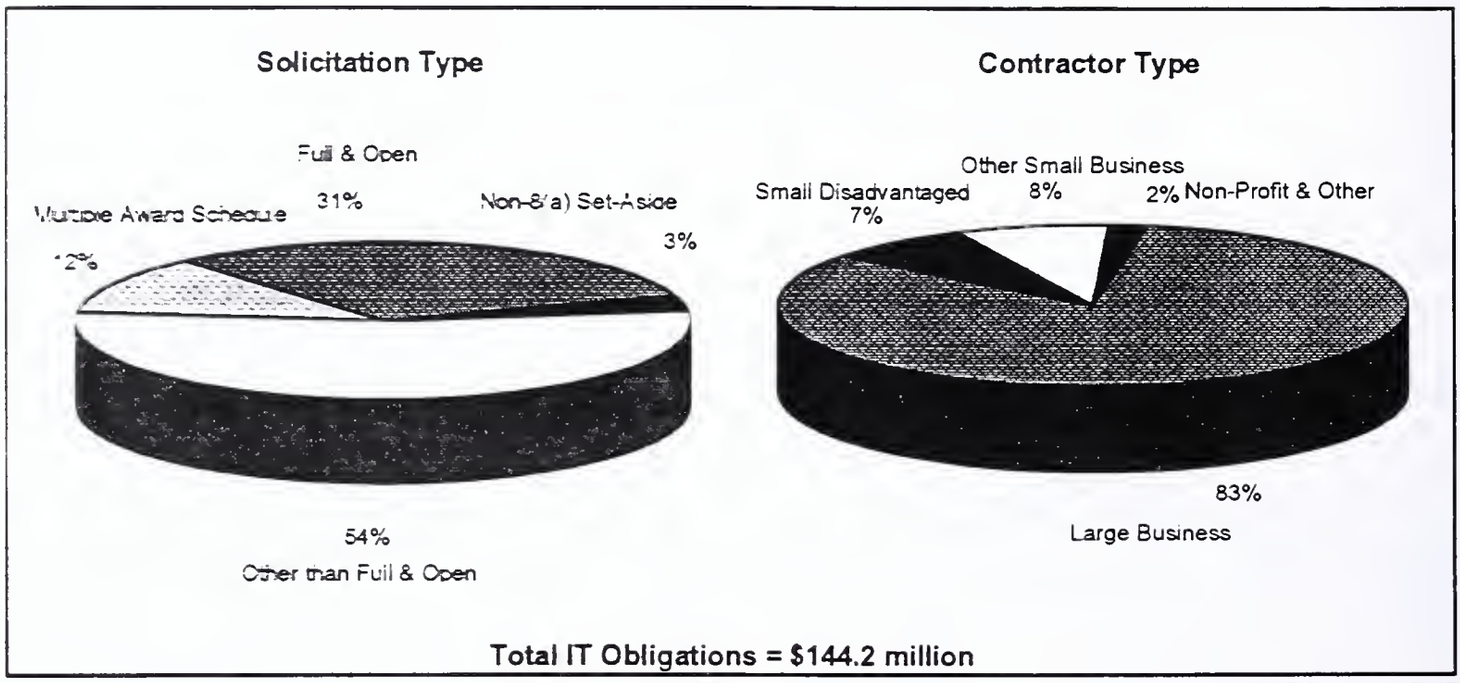
FEMA Acquisition Profile

Exhibit 4 provides a graphical summary of the procurement vehicles used by the Federal Emergency Management Agency to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and workshop organizations comprise the "non-profit and other" contractor component.

Exhibit 4

Acquisition Profile for FEMA
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with FEMA is provided in Exhibit 5. Exhibit 6 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 5

Top Contractors at FEMA
FY 1996

1. Dewberry and Davis
2. Computer Sciences Corporation
3. AT&T Corporation
4. Michael Baker Jr. Inc.
5. Bell Atlantic
6. Alltech Inc.
7. Ameridata
8. Teleconsult Inc.
9. Capitol Technology Inc.
10. Jorge Scientific Corporation

Source: FPDC and INPUT

Exhibit 6

Top FEMA Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$64,367	9. Massachusetts	$208
2. Maryland	35,052	10. Oregon	208
3. Washington, DC	24,232	11. New York	182
4. California	17,206	12. Texas	129
5. New Mexico	955	13. Idaho	107
6. Georgia	710	14. Pennsylvania	47
7. South Dakota	465	15. Colorado	38
8. Florida	258	16. Alabama	30

All figures in $ Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 7 provides a brief overview of the major active IT contracts at FEMA. Currently, the agency has eight major indefinite delivery, indefinite quantity (IDIQ) contract vehicles in place, which have a combined potential life-time value of $1.5 billion. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 7

Major Contracts at FEMA

Program	Type	Size	Description
System Engineering And Technical Support Services	Platform Operation Firm Fixed Price, IDIQ	$ 25 M 5 years	Artel provides the Federal Emergency Management Agency with system engineering and technical support services to facilitate agency-wide activities in the information systems functional area. Awarded in February, 1995
MAP Service Center (MSC)	Platform Operation Cost Reimb.	$ .7 M 5 years	Aspen Systems provides the Federal Emergency Management Agency (FEMA) with services needed for the MAP Service Center. Awarded in July, 1995

Source: INPUT

Issues at FEMA

1. A recent GAO Report (RCED-98-1) evaluates the management of FEMA's "Fast Track" program. The program was developed to expedite temporary housing assistance during disasters. During the 1994 Northridge, CA earthquake FEMA issued assistance to victims before on-site inspections of their damage were conducted. The report cites the difficulties in retrieving improperly distributed funds and suggests that FEMA develop specific policies for fast track distributions and conduct training for implementing the process.

2. Federal legislation designates the Federal Emergency Management Agency as the lead agency to manage the consequences of acts of terrorism using weapons of mass destruction. FEMA established the Terrorism Coordination Unit within the Office of the Director and named Catherine Light to head the unit. Coordination among agencies and handing off responsibilities are among the difficult management tasks faced during a crisis. FEMA claims to be developing readiness procedures including the Rapid Response Information System (RRIS). The RRIS will contain an inventory of physical assets and equipment that could be made available to aid state and local officials in responding to a terrorist incident. The RRIS is scheduled for activation in December 1997.

On-Line Information Resources

The Federal Emergency Management Agency World Wide Web site can be accessed at http://www.fema.gov. This site is provided as part of FEMA's effort to enhance the exchange of information and communication between FEMA and the public. It currently contains excellent information about the agency's organization, including biographies of key agency personnel, as well as current events and mission and vision statements.

The primary emphasis of the site, however, is on customer service and public information. Information is available on how to prepare for, and what to do in, a blizzard, hurricane, thunderstorm, earthquake, etc.

A recent addition is the El Nino Loss Reduction Center which provides extensive information on the potential effects of El Nino and advice on how to prepare for and mitigate the effects of severe weather.

Major Points of Contact

Director
James Lee Witt
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Washington, DC 20472
(202) 646-3923

Executive Associate Director, IT Services Directorate
Clay G. Hollister
(202) 646-3006

Director, Information Systems Engineering Division
Gordon D. Fullerton
(202) 646-3130

This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Brian M. Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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- U.S. Federal Government
  - ⇒ Market Forecasts
  - ⇒ Agency Profiles
  - ⇒ Procurement Analysis (PAR)
  - ⇒ Awards (FAIT)

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- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

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- Peer position

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Agency Profile

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Department of the Navy

Purpose

The primary responsibility of the Department of the Navy is to protect the United States through the effective conduct of war at sea. With its Marine Corps component, the Navy is also charged with the seizure or defense of advanced naval bases, supporting the forces of all military departments of the United States, as required, and securing a state of freedom of the seas.

Table of Contents

Organization

The Department of the Navy and the Office of the Secretary of the Navy were established by Act of April 30, 1798 (10 U.S.C. 5011, 5031). The National Security Act Amendments of 1949 (63 Stat. 578) provided that the Department of the Navy be a military department within the Department of Defense.

As with all military departments, the operation and control of the Navy is subject to the direction of the President, as Commander in Chief, and the Secretary of Defense. Authority for management and administration of the Navy's activities is delegated to the Secretary of the Navy, who is appointed by the President with the advice and consent of the Senate. The Under Secretary of the Navy, four Assistant Secretaries and the General Counsel comprise the Civilian Executive Assistants, the principal aids and advisors to the Secretary on administrative matters. Further assistance is provided by the Staff Assistants to the Secretary, who are the Naval Inspector General, the Auditor General, Chief of Information, Chief of Legislative Affairs and the Judge Advocate General.

The Chief of Naval Operations, under the Secretary of the Navy, exercises command over major executive organizations, 17 assigned commands and shore activities and the Operating Forces of the Navy. The Chief of Naval Operations is the principal military advisor to the Secretary and is the Navy member of the Joint Chiefs of Staff. The Commandant of the Marine Corps serves as the Chief of Naval Operations' counterpart for the United States Marine Corps.

The Department is currently directed by Secretary of the Navy John H. Dalton and employs approximately 404,700 active duty military personnel and 209,300 civilian personnel. Respectively, these figures represent a 1% and a 3.3% reduction from 1996 employment levels, reflective of a slowing downsizing rate. The Marine Corps employs approximately 174,000 military personnel, unchanged from last year. The Navy carries out its mission at its Pentagon headquarters in Washington, DC and at active duty military bases and deployed ships throughout the world. The organizational structure of the Department of the Navy is presented in Exhibits 1 and 2.

Exhibit 1

Navy Secretariat Organization

Secretary of the Navy

Under Secretary of the Navy

- Assistant Secretary (Research, Development and Acquisition)
- Assistant Secretary (Manpower and Reserve Affairs)
- Assistant Secretary (Installations and Environment)
- Assistant Secretary (Financial Management)
- Commandant of the Marine Corps
- Chief of Naval Operations
- Chief of Legislative Affairs
- Chief of Information
- Judge Advocate General
- Naval Inspector General
- Auditor General
- General Counsel
- Director of Program Appraisal

Source: U.S. Government Manual 1996

Program Activities

Below are the primary commands and shore establishments within the Department of the Navy, which offer insight into the agency's major program activities. Due to their volume, secretariat offices and the Navy Operating Forces listed in Exhibits 1 and 2 are omitted here.

a. Sea Systems

The Commander, Naval Sea Systems Command, provides material support to the Navy and Marine Corps for ships, submarines and other sea platforms, shipboard combat systems and components, as well as other surface and undersea warfare and weapons systems not specifically assigned to other system commands. The Naval Sea Systems Command also provides support to the Department of Defense and Department of Transportation for mobilization purposes.

Exhibit 2

Navy Field Organization

Chief of Naval Operations

Commands and Shore Establishments:

- Naval Sea Systems Command
- Naval Air Systems Command
- Naval Space Command
- Space and Naval Warfare Systems Command
- Naval Supply Systems Command
- Naval Facilities Engineering Command
- Naval Computer and Telecommunications Command
- Naval Doctrine Command
- Naval Meteorology and Oceanography Command
- Naval Security Group Command
- Naval Legal Service Command
- Bureau of Naval Personnel
- Bureau of Medicine and Surgery
- Strategic Systems Programs
- Chief of Naval Education and Training
- Office of Naval Intelligence
- Naval Safety Center

Operating Forces:

- Naval Reserve Forces
- Operational Test and Evaluation Forces
- Naval Special Warfare Command
- Military Sealift Command
- U.S. Naval Forces Europe
- U.S. Naval Forces Central Command
- Atlantic Fleet
- Pacific Fleet

Commandant of the Marine Corps

Supporting Establishment

Operating Forces of the Marine Corps:

- Fleet Marine Force Atlantic
- Fleet Marine Force Pacific
- Marine Corps Reserve
- Marine Security Forces
- Marine Detachments Afloat

Source: U.S. Government Manual 1996

b. Air Systems

The Commander of the Naval Air Systems Command provides material support to the Navy and Marine Corps for aircraft, airborne weapon systems, avionics, related photographic and support equipment, as well as ranges and targets.

c. Space and Naval Warfare Systems

The Commander, Space and Naval Warfare Systems Command, provides technical and material support to the Department of the Navy for space systems; command, control, communications and intelligence (C3I) systems; and electronic warfare and undersea surveillance.

d. Supply Systems

The Naval Supply Systems Command provides supply management policies and methods and administers related support service systems for the Navy and Marine Corps.

e. Facilities

The Commander, Naval Facilities Engineering Command, provides material and technical support to the Navy and Marine Corps for shore facilities, real property and utilities, fixed ocean systems and structures, transportation and construction equipment, energy, environmental and natural resources management and support of the Naval Construction Forces.

f. Strategic Systems

The Director of Strategic Systems Programs provides development, production and material support to the Navy for fleet ballistic missile and strategic weapon systems, including the missiles, platforms and associated equipment. The Office of Strategic Systems Programs also supports security, training of personnel and the installation and direction of necessary facilities.

g. Personnel

The Chief of Naval Personnel directs the procurement, distribution and administration of the Navy's regular and reserve military personnel components to meet the quantitative and qualitative manpower requirements as determined by the Chief of Naval Operations. The Chief of Naval Personnel also directs the management and administration of the Navy Civilian Personnel/Equal Employment Opportunity Programs and develops servicewide programs for improved human resources management.

h. Medicine

The Navy's Bureau of Medicine and Surgery directs the provision of medical and dental services for Navy and Marine Corps personnel, and it ensures that health care program policies are properly executed through the acquisition and utilization of financial and manpower resources. The Bureau also administers the implementation of contingency support plans and programs that provide for a sufficient medical and dental readiness capability.

i. Oceanography

The Naval Meteorology and Oceanography Command and the U.S. Naval Observatory are responsible for the science, technology, engineering, operations and those personnel and facilities associated with exploring the ocean and the atmosphere and providing astronomical data for naval and related national objectives. The Command examines how naval operations are influenced by the physical environment and applies its findings to the development of technology and methods for improving naval operations.

j. Space

The Naval Space Command provides operational space systems to naval forces worldwide and prepares the naval service for extended future involvement in space. The Command has operational responsibility for all Navy space-related systems, including the Navy Navigation Satellite System, the Naval Space Surveillance System and elements supporting the Fleet Satellite Communications System. The Command identifies fleet operational requirements for space systems and is responsible for ensuring that national space capabilities are integrated into the Navy's operational plans.

k. Legal Services

Under the instruction of the Chief of Naval Operations, the Commander of the Naval Legal Service Command administers the legal services program within the Navy and provides direction for all Naval Legal Service Command activities and resources.

l. Computers and Telecommunications

The Naval Computer and Telecommunications Command performs functions to provide, operate and maintain all Navy shore-based communications resources and all nontactical information and resources for command, control and administration of the Navy, as well as for those elements of the Defense Communications System assigned to the Navy.

m. Cryptology

The Naval Security Group Command performs cryptologic functions, approves requirements for the use of existing Naval Security Group capabilities and resources and coordinates the execution of approved cryptologic programs.

n. Intelligence

The Director of the Office of Naval Intelligence administers intelligence activities and ensures the fulfillment of such requirements for the Department of the Navy.

o. Education and Training

The Chief of Naval Education and Training has oversight of assigned shore-based education and training for Navy, specified Marine Corps and other personnel in support of the fleet, Naval Shore Establishment, Naval Reserve, Interservice Training Program and the Security Assistance Program. The Chief of Naval Education and Training also participates with research and development activities in the implementation of systems and devices for teaching and training.

p. Doctrine

The Naval Doctrine Command is the primary authority for the development of naval concepts and integrated naval doctrine. The Command provides a coordinated Navy/ Marine Corps voice in joint and combined doctrine development, and it ensures that Navy and joint doctrine are addressed in training and education curricula and in operations and exercises.

q. United States Marine Corps

The Marine Corps, within the Department of the Navy, is organized, trained and equipped to provide Fleet Marine Forces with supporting air components in the seizure or defense of advanced naval bases and for the conduct of land operations as may be necessary in a naval campaign. In addition, the Marine Corps provides detachments and organizations for service on armed vessels of the Navy, provides security detachments for the protection of naval property and performs other duties as directed by the President. In coordination with the Army and the Air Force, the Marine Corps also develops those phases of amphibious operations that pertain to the tactics, techniques and equipment used by landing forces.

r. United States Naval Academy

The United States Naval Academy is the undergraduate college of the naval service. Through its comprehensive four-year program — which stresses academics, physical education, professional training, conduct and honor — the Academy prepares men and women to be professional officers in the Navy and Marine Corps.

Program Budget

The Department of the Navy is expected to experience decline in many of its program accounts over the next three years. The decline in federal funding is mainly attributed to base realignment and closures as well as an overall trend toward downsizing in the military. The accounts which will be most impacted are Shipbuilding and Conversion, down from $6.6 billion in FY 1996 to $6 billion in FY 1999 and Research, Development, Test and Evaluation which is expected to fall from $8.4 billion in FY 1996 to $7.8 billion in FY 1999.

The program budget for the Department of the Navy is presented in Exhibit 3. These figures represent net federal funds but do not account for offsetting collections or changes in orders on hand from federal sources, where applicable.

Exhibit 2

Program Budget of the Department of the Navy

Program Accounts	Budget Authority by FY in $Millions			
	1996	1997	1998	1999
Military Personnel, Navy	$17,099	$16,971	$16,510	$16,388
Military Personnel, Marine Corps	5,779	6,062	6,152	6,330
Reserve Personnel, Navy	1,385	1,404	1,375	1,398
Reserve Personnel, Marine Corps	386	388	381	391
Operation and Maintenance, Navy	21,668	20,520	21,581	21,518
Operation and Maintenance, Marine Corps	2,491	2,294	2,305	2,404
Reserve Operation and Maintenance, Navy	840	885	835	858
Reserve Operation and Maintenance, Marine Corps	103	109	110	115
Aircraft Procurement, Navy	4,420	6,859	6,086	7,669
Weapons Procurement, Navy	1,464	1,358	1,136	1,436
Ammunition Procurement, Navy and Marine Corps	396	269	337	503
Shipbuilding and Conversion, Navy	6,577	5,492	7,438	5,958
Other Procurement, Navy	2,399	2,882	2,825	4,186
Procurement, Marine Corps	442	580	374	696
Research, Development, Test and Evaluation, Navy	8,442	7,851	7,611	7,756
Military Construction, Navy	546	696	540	475
Reserve Military Construction, Navy	19	38	14	15
Family Housing, Navy and Marine Corps	1,573	1,515	1,255	1,272

Source: Budget of the United States Government FY1998, February 6, 1997

Information Technology Budget

Total spending on information technology (IT) at the Department of the Navy is projected to increase minimally from $2.1 billion in FY 1997 to $2.2 billion in FY 2002 at a CAGR of 0.8% — as compared to the 1.1% growth expected for defense agencies on the whole. This moderate growth will be primarily driven by the strong anticipated markets for capital purchases of equipment (3.6% CAGR) and processing and telecommunications services (2.7% CAGR).

The department's total addressable budget is expected to increase steadily from $1.4 billion in FY 1997 to $1.6 billion in FY 2002, its growth reinforced by the continuing decline in personnel funds.

The information technology budget of the Navy is provided in Exhibit 4. Figures are rounded to the nearest million and may account for subtotal discrepancies.

Exhibit 4

Information Technology Budget of the Department of the Navy

Category	Spending in Obligations by FY in $Millions						CAGR 1997-2002
	1997	1998	1999	2000	2001	2002	
Equipment:							
Capital Purchases	$236.2	$265.5	$305.5	$314.6	$325.6	$338.7	7.5%
Other Purchases and Leases	230	202.7	196.4	202.2	209.3	217.7	-1.1%
Total Equipment	**466.2**	**468.2**	**501.8**	**516.9**	**535**	**556.4**	**3.6%**
Software:							
Capital Purchases	24.8	30.3	21.2	22	23	24.2	-0.5%
Other Purchases and Leases	79.4	71.8	67.6	70.3	73.5	77.2	-0.6%
Total Software	**104.2**	**102.2**	**88.8**	**92.4**	**96.5**	**101.4**	**-0.6%**
Services (Processing and Telecom.)	**302.8**	**310**	**311.8**	**321.2**	**332.4**	**345.7**	**2.7%**
Support Services	**483.3**	**457.2**	**439.7**	**461.6**	**487**	**516.2**	**1.3%**
Contracted Out Portion of IT Budget	**1,389.9**	**1,368.5**	**1,373.3**	**1,424.4**	**1,484.8**	**1,555.2**	**2.3%**
Supplies	**38.6**	**39.3**	**40.1**	**41.3**	**42.7**	**44.4**	**2.8%**
Personnel	**660.9**	**671.8**	**669**	**642.2**	**610.1**	**573.5**	**-2.8%**
Total IT Budget	**2,089.5**	**2,079.7**	**2,082.3**	**2,107.9**	**2,137.6**	**2,173.1**	**0.8%**

Source: Department of the Navy and INPUT

IT Contract Opportunities

The major Department of the Navy acquisitions summarized below are currently active:

a. Acquisition Financial Logistic Management And Engineering Support Services
Type: Cost Plus Fixed Fee
The Naval Sea Systems Command (NAVSEA) has a continuing need for acquisition/financial management, logistic/technical management, information resource/total quality management and systems engineering support services.

b. Administrative And Technical Support Services For The Financial And Supply Management Department
Type: Cost Plus Fixed Fee
The Naval Undersea Warfare Center Division Newport (NUWCDIVNPT) has a requirement for administrative and technical support services for the Financial and Supply Management Department.

c. Advanced Distributed Simulation Technology III
Type: Firm Fixed Price, IDIQ
The Navy is expected to recompete its existing contract for Advanced Distributed

Simulation Technology (ADST II). The recompete will be followed as ADST III.

d. Basic Engineering And Production Engineering Support Services
Type: TBD
The Naval Air Systems Command, Patuxent River, MD has a requirement for basic engineering and production engineering support services for the Naval Aviation Depot (NADEP) Cherry Point, NC.

e. Combat Search And Rescue Tracking System
Type: Firm Fixed Price
The Navy Fleet And Industrial Supply Center Seal Beach Detachment has a requirement for a system to track exercise participants (men and vehicles) for training scenarios involving downed aviator evading aggressor forces.

f. Commercial Afloat Telecommunications Services
Type: Firm Fixed Price, IDIQ
The Space and Naval Warfare Systems Command (SPAWAR) requires afloat telecommunications services.

g. Electronic Classroom Integration Software
Type: TBD
The Naval Air Warfare Center Training Systems Division (NAWCTSD) has a requirement for integration software electronic classrooms.

h. Engineering Analytical And Program Management Support Services
Type: IDIQ, Time and Materials
The Naval Air Warfare Center is acquiring engineering, analytical and program management support services.

i. Engineering And Technical Services In Support Of The Module Test And Repair Program
Type: Cost Plus Fixed Fee, IDIQ
The Naval Undersea Warfare Center Division Newport intends to acquire engineering and technical services to support the Module Test and Repair (MTR) program.

j. Engineering Services In Support Of Air Traffic Control Systems
Type: Cost Plus Fixed Fee
The Fleet and Industrial Service Center in Philadelphia will be recompeting the engineering and logistics services contract for the Naval Air Warfare Center Aircraft Division, Patuxent River, MD.

k. Engineering Technical And Managerial Support Services For Navy Joint C2 Systems
Type: Cost Plus Fixed Fee, IDIQ
NISE East intends to procure technical and management assistance in support of the Navy Joint (C2) systems of SPAWAR Command, Control and Communications Systems Directorate.

l. General Aviation Instructional Systems Development
Type: Firm Fixed Price, IDIQ
The Naval Air Warfare Center Training Systems Division intends to acquire services to support the revision, update, development and enhancement of Naval general aviation (GENAVN) training systems.

m. Information Technology And Telecommunication Support Services
Type: Cost Plus Award Fee, IDIQ
The Navy's Fleet and Industrial Supply Center (FISC), Norfolk Detachment, Philadelphia intends to acquire information technology and telecommunications support services for the Naval Computer and Telecommunications Station in Pensacola, FL.

n. Integrated Portable Wirefree Communications System
Type: Firm Fixed Price, IDIQ
The Naval Command, Control and Ocean Surveillance Center, In-Service Engineering, East Coast Division (NISE EAST) intends to acquire an Integrated Portable Wirefree Communications System.

o. Integration Support For The Tactical Control System Program
Type: TBD
The Naval Air Systems Command has a requirement to provide the Joint Warfighting Commanders with an interoperable and scaleable command, control, communications and data dissemination system for the Unmanned Aerial Vehicles Tactical Control Systems.

p. Intelligence And Information Technology Management
Type: Cost Plus Fixed Fee, IDIQ
The Fleet Industrial Supply Center, Norfolk Washington Detachment intends to acquire intelligence and information technology management services.

q. Management Support Services To The Program Executive Office For Theater Air Defense (PEO(TAD))
Type: Cost Plus Fixed Fee
The Naval Sea Systems Command, Program Executive Office for Theater Air Defense intends to acquire management support services.

r. Multifunctional Information Distribution Systems - Low Volume Terminals
Type: Firm Fixed Price, IDIQ
Allied Signal and ViaSat will satisfy part of the Space and Naval Warfare Systems Command (SPAWARSYSCOM) requirement for the production of Multifunctional Information Distribution System - Low Volume Terminals (MIDS-LVT). Other awards are expected.

s. Navy PC LAN III
Type: Firm Fixed Price, IDIQ
This program, a follow-on to the Navy PC LAN Plus contract held by EDS (PAR V-03-155), provides the Navy with development, acquisition, installation, and maintenance of Local Area Networks (LANs), as well as enhancement of networks to improve the Navy's overall interoperability and connectivity.

t. New Technologies For Office And Portable Systems 2
Type: Firm Fixed Price, IDIQ
The Navy will continue to procure advanced technology small desktop and portable computer systems, software and accessories to support office automation requirements.

u. New Technologies For Office And Portable Systems 3
Type: Firm Fixed Price, IDIQ
As a follow-on to the New Technologies for Office and Portable Systems 2 (NTOPS 2, PAR V-03-220) contract, this procurement will continue the Navy's effort to remain current in the area of small computer systems.

v. Pier Power Monitoring/Utility Control System
Type: Firm Fixed Price, IDIQ
The Navy Public Works Center (PWC) is acquiring systems to support utility services billing to PWC's San Diego clients.

w. Professional Planning And Engineering Services At Various Navy Activities
Type: Firm Fixed Price, IDIQ
The Navy intends to acquire architect and engineering services for professional planning and engineering requirements, as well as computer application development in

support of these services at various Naval Activities.

x. Systems Engineering Technical And Logistics Support For C4I Systems
Type: Cost Plus Fixed Fee, IDIQ
The Naval Information Systems and Engineering Command (NISE) East intends to acquire systems engineering, technical and logistics in support of various Department of Defense command, control, computers, communications and intelligence (C4I) systems.

y. Systems Integration Services For The F/A-18 Weapon System Support Activity
Type: Level of Effort, CPFF
The Naval Air Warfare Center Weapons Division at China Lake, CA intends to acquire systems integration services in support of the F/A-18 Weapon System Support Activity, through a sole source to McDonnell Douglas.

z. Tactical Advanced Signal Processor
Type: Firm Fixed Price, IDIQ
The Navy has a requirement for digital signal processing (DSP) components for use in land based sites, as well as for use as embedded elements in airborne, surface ship, submarine and tactical weapons systems for Navy, Marine Corps, Coast Guard and other Department of Defense systems.

aa. Technical And Engineering Support For The Submarine Launched Ballistic Missile
Type: Cost Plus Fixed Fee
The Naval Surface Warfare Center Dahlgren Division intends to acquire technical support for the Submarine Launched Ballistic Missile (SLBM) program in support of the Strategic Systems Department at Dahlgren.

ab. Technical And Engineering Support Services For Modeling And Simulation Based Warfare Analysis
Type: Cost Plus Fixed Fee
The Space and Naval Warfare Systems Command (SPAWAR) is acquiring technical and engineering services for modeling and simulation based warfare analysis.

ac. Technical Management And Financial Support For The Air Traffic Control And Landing Systems Program Office
Type: IDIQ, Time & Material
The Naval Air Warfare Center - Aircraft Division intends to acquire technical, managerial and financial support services for the Air Traffic Control and Landing Systems Program Office.

ad. Technical Services In Support Of Mission Critical Computer Resources Program
Type: Cost Plus Fixed Fee
The Space and Naval Warfare Systems Command (SPAWAR) intends to acquire management and technical support services for the execution of various mission critical computer resources (MCCR) tasks in SPAWAR's Systems Effectiveness Engineering Division (SPAWAR 10-12).

ae. Technical Services On-Site Maintenance And Management Support
Type: Cost Plus Fixed Fee, IDIQ
The Naval Command and Control Ocean Surveillance Center In-Service Engineering East Coast Division (NISE-EAST) intends to acquire technical services, on-site maintenance and management support to maintain information technology systems.

af. Technical/Management Support For PMS 411
Type: Cost Plus Fixed Fee
The Naval Sea Systems Command has a requirement for engineering and technical

services in support of the Surface Ship Anti-Submarine Warfare (ASW) Combat System Program Office.

ag. Verification And Validation Of Module Test And Repair Program
Type: Cost Plus Fixed Fee, IDIQ
The Naval Undersea Warfare Center Division Newport intends to acquire support services for the independent verification and validation of the Module Test (MTR) program at the Field Engineering Office in Norfolk, VA

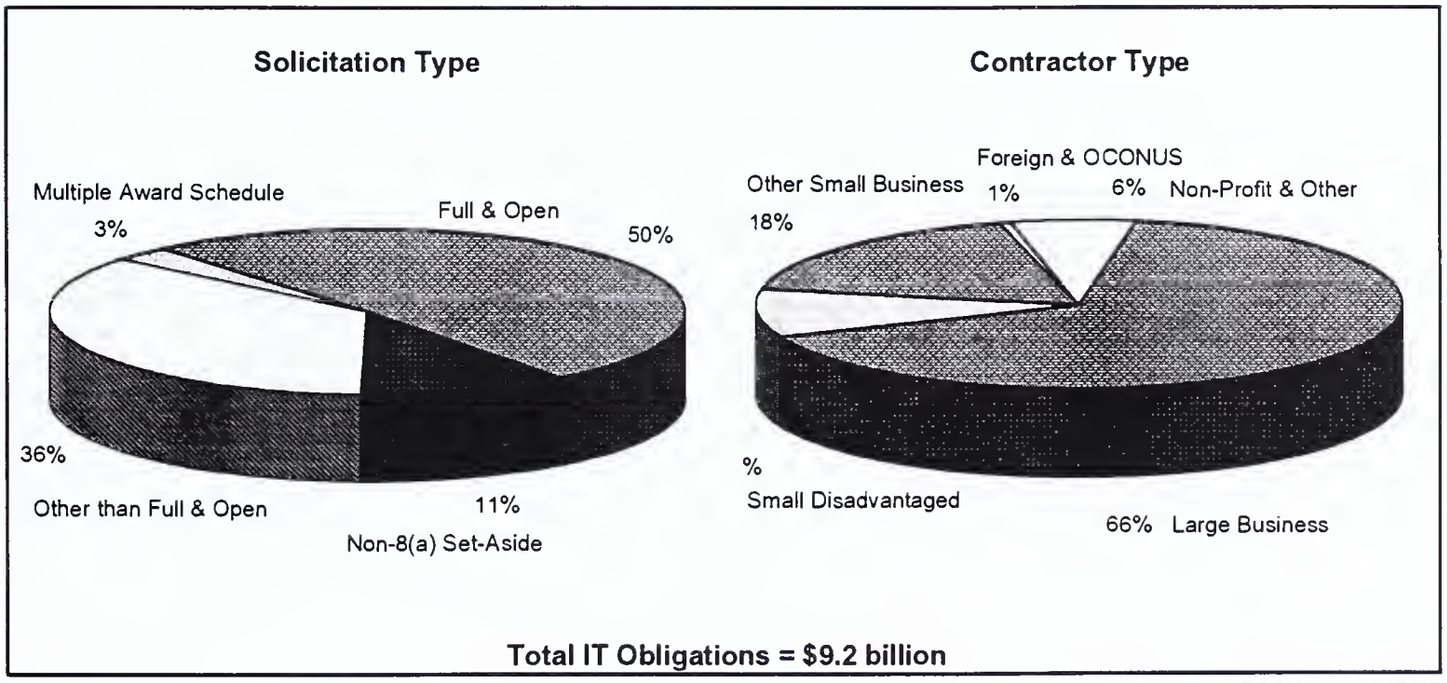
Navy Acquisition Profile

Exhibit 5 provides a graphical summary of the procurement vehicles used by the Department of the Navy to acquire its IT products and services, as well as the type of contractor providing them. These figures reflect shares of the total information technology contract dollars obligated by the agency during FY 1996.

"Other than full and open" competition encompasses various solicitation vehicles, including 8(a) set-asides, limited competition, as well as negotiated and alternate source purchases. Non-profit, educational and workshop organizations comprise the "non-profit and other" contractor component. Domestic contractors performing work outside the continental United States (OCONUS) and foreign contractors are represented by the "foreign and OCONUS" component under Contractor Type.

Exhibit 5

Acquisition Profile for the Department of the Navy
FY 1996



Source: FPDC and INPUT

Top Contractors and Obligations by State

A list of the top IT contractors with the Navy is provided in Exhibit 6. Exhibit 7 lists the top 20 states of performance for the agency's IT obligations. Contract obligations are the government's intent to purchase, and while not necessarily spent, they do reflect actual spending trends. This data is based on obligations reported to the Federal Procurement Data Center (FPDC) at GSA for contract actions dated between October 1, 1995 and September 30, 1996.

Exhibit 6

Top Contractors at Navy
FY 1996

1. Lockheed Martin
2. Hughes
3. AT&T Corporation
4. Advanced Communications Systems
5. Logicon
6. McDonnell Douglas
7. Tracor
8. Analytical Systems Engineering Corp.
9. Raytheon/E-Systems
10. Litton/PRC

Source: FPDC and INPUT

Exhibit 7

Top Department of the Navy Obligations by State
FY 1996

State	IT Obligations	State	IT Obligations
1. Virginia	$2,494,417	11. Connecticut	$160,739
2. California	1,696,308	12. Massachusetts	159,854
3. North Carolina	746,680	13. New Hampshire	151,895
4. Maryland	697,353	14. Indiana	143,465
5. Florida	433,933	15. South Carolina	139,068
6. New Jersey	384,080	16. Washington, DC	115,710
7. New York	310,465	17. Washington	101,357
8. Pennsylvania	242,182	18. Rhode Island	99,193
9. Missouri	228,729	19. Georgia	90,192
10. Texas	218,682	20. Alabama	86,098

All figures in $Thousands *Source: FPDC and INPUT*

Major Contracts

Exhibit 8 provides a brief overview of the major active IT contracts at the Department of the Navy. INPUT speculates increased use of agency and interagency IDIQ contracts in response to the simplification of regulations governing the purchase of commercial items. This information is taken from INPUT's IMPACT database of active and awarded IT programs.

Exhibit 8

Major Contracts at the Department of the Navy

Program	Type	Size	Description
Weapons Systems Software Activity (WSSA)	Professional Services Cost Plus Fixed Fee	$89 M 4 years	EER Systems provides the NAWCWPNS China Lake site with technical support services for computer systems embedded within naval tactical aircraft, airborne weapons systems and related support and training equipment. Awarded in February, 1996
New Technologies For Office And Portable Systems (NTOPS)	Computer Equipment Firm Fixed Price, IDIQ	$176 M 2 years	Concept Automation and Cordant fulfill department-wide requirements for portable and desktop systems, a wide range of peripherals and options, applications software and local area network interfaces to augment purchasing from the Air Force Desktop contracts. Awarded in April, 1996
Business And Administrative Support Services (BASS)	Professional Services Cost Plus Award Fee	$61 M 5 years	Boeing Information Systems fulfills NAWCWPNS' requirements for office automation and process streamlining, including financial work, procurement assistance, human resources, property management and resource analysis and forecasting. Awarded in May, 1996
Submarine Engineering And Technical Support Services	Professional Services Level Of Effort	$107 M 5 years	EG&G provides engineering and technical services in support of the New Attack Submarine Program Office, in the areas of Engineering Logistics Support, Submarine Electronics Systems management, and the Program Office in the areas of Program Management, Engineering, Logistics Support and Acquisition. Awarded in December, 1996

Major Contracts at the Department of the Navy (cont.)

Scientific And Engineering Support Services (SESS)	Professional Services Cost Plus Fixed Fee	$91 M 6 years	Boeing Information Services will provide the Naval Air Warfare Center Weapons Division (NAWCWPNS) with scientific and engineering support services (SESS). Awarded in March, 1997
Program Management, Ship Integration And Configuration For Aegis	Professional Services Cost Plus Award Fee	$107 M 5 years	Vitro Corp. will provide the Naval Sea Systems Command (NAVSEA) with services to support the Program Executive Office for Surface Combatants/AEGIS Program (PEO SC/AP) in the Technical Division (400B), Operations Division (400E), and AEGIS FMS program. Awarded in March, 1997
Engineering And Technical Support Services	Professional Services Firm Fixed Price, IDIQ	$69 M 5 years	Team Logistics Joint Venture provides engineering and technical support services to the Logistics Competency within the Naval Air Warfare Center Aircraft Division. Awarded in March, 1997
Systems Engineering And Technical Support Services	Professional Services	$87 M 5 years	Planning Consultants Inc. will provide the Naval Sea Systems Command (NAVSEA) with system engineering and technical support services for the Program Executive Office for Surface Combatants/AEGIS Program (PEO SC/AP) Technical Division. Awarded in March, 1997
Procurement Corporate Information Management Standard Procurement System (P-CIM SPS)	Computer Equipment Firm Fixed Price, IDIQ	$238 M 10 years	AMS provides the Department of the Navy with a Commercial Standard Procurement System (SPS) for the entire Department of Defense (DoD). Awarded in April, 1997
Engineering Technical And Logistics Support Services	Professional Services Firm Fixed Price, IDIQ	$73 M 5 years	Litton/PRC, Inc. is providing engineering, technical and logistics support services to the Naval Surface Warfare Center (NSWC). Awarded in May, 1997

Major Contracts at the Department of the Navy (cont.)

Integrated Security Identification System (ISIS)	Computer/ Network Security Firm Fixed Price, IDIQ	$69 M 10 years	Radian, Inc. is providing the Naval Surface Warfare Center (NSWC) with an integrated security and identification system (ISIS). Awarded in June, 1997
ADP And Telecommunications Services	Professional Services Firm Fixed Price, IDIQ	$56 M 5 years	CDSI and SAIC will provide the Fleet and Industrial Suppy Center (FISC) Norfolk, PA Detachment with ADP and telecommunications support services. Awarded in June, 1997
Development And Production Of A Land Attack Missile Portable Launch System For Submarines (TLAM-N PLS)	Systems Integration	$70 M 5 years	Raytheon will fulfill the Naval Sea Systems Command, Undersea Systems Contracts Division requirement for the development and production of a Nuclear Tomahawk Land Attack Missile Portable Launch System. Awarded in June, 1997
Nato Improved Link Eleven Reference Systems (NILE-NRS)	Network/ Telcom Services Cost Plus Fixed Fee	$138 M 5 years	Logicon fulfills the Space and Naval Warfare Systems Command requirements for the design, development, integration and testing of the NATO Improved Link Eleven (NILE) System Network Controller (SNC) software and the NILE Reference System (NRS). Awarded in June, 1997
Information Technologies Support Services (ITSS)	Computer Equipment Firm Fixed Price, IDIQ	$250 M 5 years	Booz Allen & Hamilton, CDSI, Litton/PRC, Logicon, Lockheed Martin, Northrop Grumman and SAIC satisify the Naval Information Systems Management Center (NISMC) requirement for worldwide ADP and telecommunications support services for the Navy, Marine Corps and other Department of Defense activities. Awarded in July, 1997
Voice Video And Data Communications (ViViD)	Network/ Telcom Services Cost Plus Fixed Fee	$3 B 10 years	GTE and Lucent Technologies provide the Navy with state-of-the-art future base telecommunications switching equipment and services, private branch exchanges (PBX), and CPE such as multi-button phones, modems and support equipment. (Formerly tracked as NAVTIP (PAR V-03-213)). Awarded in July, 1997

Major Contracts at the Department of the Navy (cont.)

Aegis Test And Evaluation Support Recompete	Professional Services Firm Fixed Price, IDIQ	$188 M 5 years	Logicon Syscon satisfies the Naval Surface Warfare Center (NSWC) requirement for technical and engineering support related to the Test and Evaluation (T&E) of the AEGIS Combat System and AEGIS Weapon System. Awarded in August, 1997
Technical And Engineering Radio Services	Professional Services Cost Plus Fixed Fee	$127 M 5 years	Tracor Applied Sciences Inc. satisfies the Naval Air Warfare Center Aircraft Division (NAWCAD) requirement for technical and engineering radio support services. Awarded in August, 1997
Battle Force Tactical Trainer Program (BFTT)	Professional Services Cost Plus Fixed-Fee, IDIQ	$51 M 5 years	Battle Force Engineering Associates is supplying the Port Hueneme Division of the Naval Surface Warfare Center with engineering and technical services in support of the Battle Force Tactical Trainer program (BFTT). Awarded in September, 1997
Technical And General Support	Professional Services Cost Plus Fixed Fee	$58 M 5 years	ManTech is fulfilling the Fleet and Industrial Supply Center (FISC), Norfolk Detachment Philadelphia's requirements of support services for the continuing design, development, conversion, modification, enhancement, documentation, maintenance of the Navy Tactical Command Support System (NTCSS) family of application software. Awarded in November, 1997

Source: INPUT

Issues at the Department of the Navy

1. The Navy has embraced the changes and new practices of procurement reform. Especially notable is the increased use of blanket purchase agreements to improve further on the prices offered on GSA schedules. The Navy is relying heavily on increased use of the Internet, both for gathering IT information and for providing information to industry on specific procurements. Best value processes make up the centerpiece of Navy acquisition reform policy. Navy documents highlight the increased use of best value award decisions and go into great detail about the benefits of such awards from both the government and industry points of view. The Navy is also placing increased reliance on past performance ratings as part of the evaluation process. Timeliness of performance and cost control are the areas of past performance of greatest interest to the Navy. While the Navy has expressed support of Business Process Reengineering, not a great deal has been done due to reduced operating budgets.

2. A November 1997 GAO Report (NSIAD-98-34) raises questions about a Navy decision to begin initial production of a missile defense system before conducting any operational tests. The Navy Area Theater Ballistic Missile Defense program was developed to provide a mobile short-range tactical missile defense system which provides protection until other systems can be set up. The nearly $9 billion program is entering the stage of developmental and operational testing and low-rate initial production.

While the Navy believes that the urgent need for the system justifies taking risks, the GAO report recommends that production not be started until sufficient operational testing has been conducted.

3. The year 2000 date problem continues to absorb scarce resources and to be a management problem at the Navy. The Chief Information Officer is responsible for overall program management, tracking, policy coordination and reporting to appropriate parties. System owners are responsible for implementing Y2K fixes. A serious problem is the lack of additional funding for dealing with the issue. The Navy does have certain vehicles in place to assist with the necessary software and services for the year 2000 project. In particular, the Information Technology Support Services (ITSS) BPA provides contract services for outsourcing business process reengineering and year 2000 compliance. The Navy has concluded that the complexity of the Y2K problem is in project management and not in the technical aspects.

4. On December 5, 1997 Rear Admiral John Gauss was assigned to command the Space and Naval Warfare Systems Command (SPAWAR). Admiral Gauss had been part of the Space Information Warfare C2 Office where he was involved with the Information Technology for the 21st Century (IT-21) project. IT-21 is an initiative which modernizes telecom systems with high-performance local area networks, high-capacity bandwidth communications and integrates administrative and tactical computer systems on shore and at sea. The Navy is expected to spend more than $2 billion on IT-21 over the next seven years. As commander of SPAWAR, Admiral Gauss is expected to actively pursue the further development of IT-21.

On-Line Information Resources

The Department of the Navy maintains a World Wide Web home page accessible at "http://www.navy.mil". The site provides links to Navy commands and secretariat offices, public affairs information and sites by subject matter.

For business opportunities with the Navy, individual command home pages must be accessed, which requires a fair amount of searching. A good place to start for information technology procurements is the former NISMC home page, now incorporated into the SPAWAR site at "http://204.222.128.9/". In addition to postings of department-wide RFPs and source selections in progress, this site offers numerous IT resources such as the Navy IT budget and major IRM publications and ITEC Direct, the Navy's electronic catalogue of commercial IT products and services.

The Department of the Navy maintains a year 2000 website at http://www.doncio.navy.mil/y2k/year2000.htm".

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This Agency Profile is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this profile, please call your local INPUT organization or Brian M. Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182-3900. Tel. (703) 847-6870.

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Research Bulletin

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The U.S. Navy's Move To Blanket Purchase Agreements & Contractor Team Arrangements

The Navy's Move to BPAs

The Department of the Navy, primarily through the Naval Information Systems Management Center (NISMC), is making full use of the simplified regulations governing the purchase of commercial products and services under the Information Technology Management Reform Act of 1996. Earlier this year, the Navy opted for Blanket Purchase Agreements (BPAs) to fulfill department-wide requirements for tactical workstations, servers and peripherals in what was to be the fifth generation of the Tactical Advanced Computers (TAC) program currently held by Hewlett-Packard.

By using existing procurement vehicles such as GSA schedules, the move away from the anticipated $655 million indefinite delivery/ indefinite quantity (IDIQ) contract buys led to significant time and cost savings for NISMC and all Navy end users. The Navy has recently awarded a number of additional Blanket Purchase Agreement (BPA) contracts under GSA Multiple Awards Schedules to obtain PCs, desktops, servers, printers and other peripherals. The Navy Information Systems Management Center (NISMC) chose the BPA in part for speed of execution. It took NISMC only 30 days to award a contract from the time the quotes were requested from vendors.

More recently, NISMC pulled back its planned $850 million IDIQ acquisition for professional and network services and recast it into yet another multiple BPA buy. The Information Technologies Support Services (ITSS) program will now be open only to vendors offering integration services under a GSA Group 70 schedule — and, according to a recent issue of *Federal Computer Week,* in effect shutting out many previous contenders such as Computer Sciences Corporation and Lockheed Martin. While the Navy's recent buying practices have been said to limit competition, they have also allowed the agency to consolidate its IT requirements and obtain substantial discounts on products and services — even over schedule prices.

Awards of the five-year ITSS BPAs are anticipated in March of 1997. A request for quotation is expected to be issued in mid February of 1997. The quotation shall

include past experience/performance data, sample task/oral presentation and price quotes. The expected solicitation period is 30 days.

Naval Information Systems Management Center officials cited the relatively low cost of the procurement and the speed with which new products become available on GSA schedule vs. IDIQ contracts as an important advantage of BPAs.

ITSS BPAs

The Naval Information Systems Management Center announced on September 10, 1996 that it was reevaluating the acquisition strategy for the Navy ITSS Project and would be considering alternative methods of satisfying its needs.

With the recent changes in government procurement mandated by the Federal Acquisition Streamlining Act (FASA), the Federal Acquisition Reform Act (FARA) and other streamlining initiatives, the procurement system is continually undergoing review.

These reform principles coupled with advancement in technology have encouraged alternative approaches to satisfying government needs. The tools that NISMC will use in this ITSS project as part of its procurement streamlining effort is the Federal Supply Class (FSC) Group 70 General Services Administration (GSA) Federal Supply Schedule (FSS). Expansion of the Group 70 FSS now includes services and teaming arrangements authorized by FAR 9.6. The FSS contains provisions which allow establishment of Blanket Purchase Agreements (BPAs) with agencies. NISMC plans to establish multiple BPAs with contractors who provide FSC Group 70 services under a FSS multiple award schedule contract. The BPA tool, combined with teaming arrangements, will allow NISMC to meets its customers' needs in a shorter period of time. The Navy ITSS BPAs will be for a base period of three years with two one year options.

Team Qualifications

Each prime contractor and teaming partner must hold a FSC Group 70 FSS, multiple award schedule contract to be considered for a BPA. Teaming partners mean arrangements in which a potential prime contractor agrees with one or more companies to have them act as its subcontractors. Mr. Robin Bourne is GSA's point of contact for FSC Group 70 service schedules.

Qualifying Requirements

NISMC intend to qualify prime contractors based on the responses to a Request for Quotation (RFQ). Factors being considered include.

- The Navy small business goals - 5% small business; 5% small disadvantage business; 5% woman owned business for a total of 15% small business goal. The standard industrial classification (SIC) code is 7379. The small business size standard is $18 million
- Past Experience/Past Performance - prime contractors must have experience in management of subcontractors in a worldwide environment
- Labor Categories - prime contractors must provide sufficient levels of labor categories and experience to satisfy the statement of work
- Sample Task - a sample task is included in the RFQ. Prime contractors are required to demonstrate their overall understanding, technical capability and managerial procedures necessary for completion of the sample task

- CONUS/OCONUS Pricing - prime contractors have to submit fixed price labor rates for continental U.S. (CONUS) government sites, CONUS contractor sites and all outside the continental U.S. (OCONUS) sites

Time Line

All interested contractors should expect a complete RFQ package to be available within the next couple of weeks. The package will be on the NISMC Internet home page and will include instructions and information. All questions can be directed to Charles Barth, contract specialist, at (202) 685-3537 or via e-mail at ITSS @NISMC.NAVY.MIL.

Multiple Award Schedules

GSA's Federal Supply schedule contracts are awarded and administered as a centralized program. The negotiation of prices, terms and conditions is accomplished on behalf of using federal agencies. The Federal Supply Schedule contracts, referred to as Multiple Award Schedule contracts, provide for uniform terms and conditions. Schedule contracts allow GSA to focus the federal government's large volume buying power to establish fair and reasonable contract prices.

A Multiple Award Schedule is an Indefinite Quantity, Indefinite Delivery (IDIQ) contract available to all federal agencies worldwide, Agencies place orders directly with the contractor. Interagency agreements are not required to use Multiple Award Schedules (MAS).

Purchasing from the Multiple Awards Schedule insures that:

- GSA has already determined the price to be fair and reasonable
- Synopsis in CBD is not required
- MAS contracts have been awarded in compliance with all applicable laws and regulations
- Administrative time is saved
- A wide selection of commercial items are available
- Basic ordering information is all that is required

By October 1997 all MAS will be available electronically (GSA Advantage!).

In addition, Blanket Purchase Agreements can be set up with a Multiple Awards Schedule contractor to fulfill recurring needs with significant advantages. For large or complex requirements MAS contractors can now join with other schedule contract holders and submit a total solution to meet agencies' needs under a team arrangement. teaming arrangements may be incorporated into BPAs.

Blanket Purchase Agreements

A Blanket Purchase Agreement is a cooperative agreement under a Multiple Award Schedule contract or contracts exclusively between a contractor and a specific agency to further reduce the administrative cost of acquiring commercial items from the General Services Administration (GSA) Federal Supply Schedule. It is a way to fulfill recurring needs while taking advantage of quantity discounts, saving administrative time and reducing paperwork.

Under the new acquisition rules BPAs are not restricted by maximum order limitations. With the removal of the MOL, agencies are no longer bound by any dollar limitations when placing orders under a BPA.

BPAs eliminate contracting and open market costs such as:

- Search for sources
- Development of technical documents
- Solicitations
- Evaluation of bids and offers

Contractor Team Arrangements

The Federal Supply Schedule program is a source agencies may use to achieve what the system has outlined for acquisition teams to follow.

Each member of the agency "acquisition team" is to exercise personal initiative and sound business judgment and is responsible for making acquisition decisions that deliver the best value product or service to meet the agency's needs. FAR 1.102-4 further empowers government team members to make acquisition decisions within their areas of responsibility including selection, negotiation and administration.

In light of this, agencies may refer to FAR 9.6-Contractors Team Arrangements. The policy and procedures outlined in this section will provide more flexibility and allow innovative acquisition methods when using the Federal Supply Schedules.

Team arrangements combined with the Multiple Award Schedules using a Blanket Purchase Agreement provide federal agencies a powerful commercial acquisition strategy. Vendors should understand the spirit and intent, as well as the nuances, of BPAs and Contractor Team Arrangements.

Federal Supply Schedule contractors may use "Contractor Team Arrangements" (FAR 9.6) to provide solutions when responding to an agency requirement. These team arrangements can be included under a BPA. BPAs are permitted under all Federal Supply Schedule contracts.

Orders under a team arrangement are subject to terms and conditions of the FSS contract. Participation in a team arrangement is limited to FSS contractors. The following is the general outline:

- The agency identified its requirements
- FSS contractors may individually meet the agency needs, or
- FSS contractors may submit a Schedules "Team Solution" to meet the agency's requirements
- Agencies make a best value selection

Conclusion

The Federal Supply Schedule program with these new features move the schedules program closer to providing a "total solution" for buying commercial products and services that meet agencies needs and eliminates the need for many of the traditional full and open competition type of contracts.

It is not inconceivable to anticipate an agency contracting for a large, complex solution under a BPA and a teaming arrangement including a prime contractor acting as an integrator with complementary subcontractors providing hardware, software and professional services.

This Research Bulletin is issued as part of INPUT's Electronic Government Market Action Reports (MAR) Program. If you have questions or comments on this bulletin, please call your local INPUT organization or Norm Berthaut at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182; Tel. (703) 847-6870.

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Research Bulletin

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The Cooperative Purchasing Program and its Potential Effects

Cooperative Purchasing Program

Under the cooperative purchasing program authorized by section 1555 of the Federal Acquisition Streamlining Act (FASA) of 1994, the administrator of the General Services was permitted to allow state and local governments to purchase items available through the federal supply schedules.

There was little debate over the possible adverse effects of this program before passage but after enactment concerns did arise. As a result, in 1996 Congress suspended GSA's authority for this program and mandated that GAO assess the effects cooperative purchasing may have on state, local, Indian tribal, the Puerto Rican, and federal governments. Congress also directed that GAO look at the effect cooperative purchasing would have on industry, including small businesses and local dealers.

The goal of the schedules program is to take advantage of the total volume of federal purchases to negotiate the lowest possible prices for needed supplies and make these prices available to all federal agencies. Participation in the cooperative purchasing program would be optional for any nonfederal government and any GSA vendor that sells through the federal schedules program.

In its plan to implement cooperative purchasing, GSA said that it would make particular schedules available to state and local governments unless it decided that doing so would not be in the interests of the federal government.

The following are some of the more significant findings from the GAO study. In addition, INPUT has provided market insights and some conclusions.

Expected Benefits

Generally, governments expect to benefit from cooperative purchasing. The majority of the state and local governments contacted by GAO indicated they wanted access to the federal supply schedules. The major benefits they perceived are the potential for:

- Obtaining lower prices on popular items they purchase, such as computers
- Having a greater selection of items available to them

- Realizing administrative savings of both time and money by ordering through the federal supply schedules as a convenient alternative to current procurement procedures

Several factors could limit the benefits they receive in practice.

- State or local laws, ordinances, mandated preferences, or procedures that would limit their ability to use the program
- The unavailability of lower prices for some items from current or other sources
- Potential savings or administrative costs would also be limited by the need to retain procurement operations for those items that will not be purchased through the schedules program

Effects on Industry

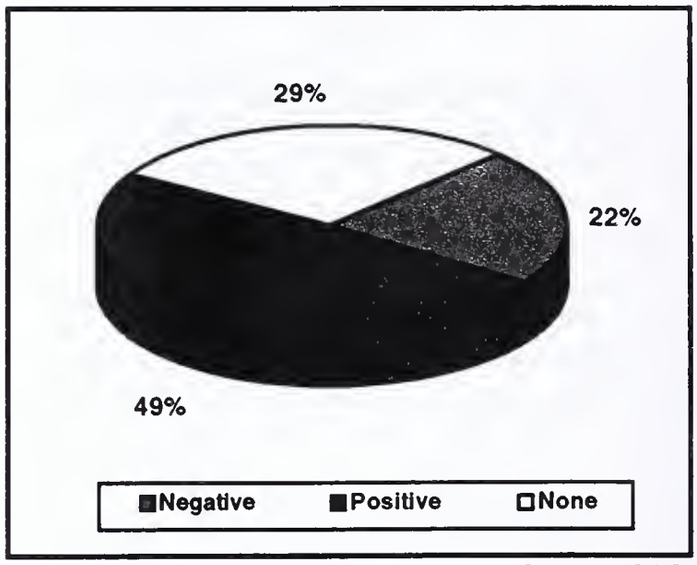
The potential effects of cooperative purchasing on industry is likely to vary among industries and businesses. Of the 59 contractors (exhibit 1) contacted by GAO, 22 predicted a positive effect, 10 believed that they would be negatively affected, 13 predicted no effect, and 14 said they did not know how they would be affected

Although none of the contractors provided any data to support their predictions, they did provide some reasons for their beliefs.

- Contractors predicting a positive effect cited the prospect of increased sales and customer bases, as well as the advantages of not having to go through a bidding process
- Contractors who said they would be negatively affected were concerned that they would lose sales to GSA vendors
- Contractors who said they would not be affected cited the unique nature of the products they sold or their ability to offer competitive prices as the reasons they would not be affected
- Contractors who did not know if cooperative purchasing would affect them pointed to the potential for both gains and losses

Exhibit 1

Contractors' Perceived Effects of Cooperative Purchasing on Industry



Source: GAO

The cooperative purchasing program would be optional for any GSA vendor that sells through the federal schedules program.

GSA's Approach

In outlining its initial plan for implementing the program, GSA stated that its contracting officers would make a case-by-case determination on what specific schedules would be included in the program. In addition, individual schedule vendors would be able to elect whether or not to make their products or services available to authorized nonfederal users, and that schedule contracts would continue to focus on the needs of the federal agencies. As a matter of

policy, GSA said it would not make schedules available if doing so would adversely affect the federal government.

GSA is also considering

- Excluding portions of individual schedules
- Conducting analyses to weigh the negative effects on industry against the benefits to nonfederal governments
- Elevating decision-making authority to a higher level
- Using the CBD to announce its intent to open the schedules

GSA has recently stated its intent to allow state and local governments to start buying from federal schedules by August 1, 1997. GSA expects to present its implementation plan to congress this month and expects to receive approval with some limited objections.

Federal Supply Schedules

GSA's Federal Supply Service negotiates and awards contracts for products and services available through the majority of federal supply schedules. The service issues solicitations, receives offers from prospective vendors, negotiates with them on product and services prices as well as terms and conditions of sale, and awards the contracts.

The contracts are indefinite-delivery contracts that give vendors the right to sell goods and services to the government during the period of time that the contract is in effect. Contracts commonly are in effect for more that a 1-year period.

Federal agencies order products and services directly from a vendor and pay the vendor directly. In fiscal year 1996, there were 146 schedules. GSA has responsibility for managing 133 schedules, including all of the information technology and telecommunications schedules. In fiscal year 1996 these schedules exceeded $900 million and are expected to show dramatic growth in fiscal years 97 and 98.

A large number of vendors negotiate contracts with the Federal Supply Service in order to provide products to federal agencies. Vendors include businesses that manufacture products as well as dealers or distributors that sell and service products. In fiscal year 1996, GSA had about 5,300 contracts with vendors that supply goods or services either through its single - award or multiple - award schedules. About 74 percent of these contracts were with small businesses.

GSA's Federal Supply schedule contracts are awarded and administered as a centralized program. The negotiation of prices, terms and conditions is accomplished on behalf of using federal agencies. The Federal Supply Schedule contracts, referred to as Multiple Award Schedule (MAS) contracts, provide for uniform terms and conditions. Schedule contracts allow GSA to focus the federal government's large volume buying power to establish fair and reasonable contract prices.

Cooperative purchasing would expand GSA's volume buying power on the premise that the additional volume of state and local government purchases would demand lower prices. By October 1997 all MAS are planned to be available electronically (GSA Advantage!) thus further expanding the scope and availability of GSA schedule items.

GAO Conclusions

The potential benefits and negative economic consequences of opening up federal supply schedules to nonfederal governments are likely to vary considerable. The effects of cooperative purchasing will depend on how GSA implements the program.

The effects on industry are likely to vary among industries and individual firms, including firms in the same industry. Those companies that are already GSA vendors and that sell to both federal and nonfederal are likely to see the greatest administrative savings. Small businesses and dealers could experience reduced profits, a reduction in operations, or even closure if the schedules containing products they sell are opened to nonfederal buyers.

And finally, all of the uncertainties at the state, local and business level make it difficult, if not impossible, to determine the effects of cooperative purchasing on the federal government.

GAO Recommendations to GSA

GAO recommends that the GSA provide a detailed plan emphasizing the optional nature of the program and setting forth the steps that GSA would take to implement it, as part of GSA's report on the cooperative purchasing program to Congress. GAO identifies several minimum elements the plan should include and other factors, in an assessment of the benefits and negative effects of opening up schedules.

GAO stated that GSA should provide congress with a written implementation plan that emphasizes the optional nature of the program and

- Includes guidance that will be provided to GSA staff
- Identifies appropriate processes for obtaining and considering information
- Designates a high-level official to make final decisions on opening schedules
- Provides for evaluating actual effects of decisions to open schedules
- Allows for partially opening schedules

INPUT Conclusions

There is a great deal of speculation as to what will happen when this occurs, but like the recent procurement reforms the impacts are still being evaluated. The simple truth is no one knows what will really happen until it happens.

It should and will be a win-win situation for the federal government and the state and local governments that elect to use the schedules. The federal government will get lower prices and the state and local governments will get greater selection and lower prices on the schedules that they elect to use.

The vendors, however, could be at greater risk. Torn between the potential for greater volumes versus lower prices, many will think twice before offering their products on the GSA schedules to state and local governments. The majority of the big firms, both product manufacturers and services firms, already do a great deal of business with state and local governments and will have to do some minor balancing between their GSA prices and nonfederal prices.

In the final analysis the market will prevail. "Show me the money" will mean a lot more than a catchy phrase in the movies. Those vendors who see an opportunity to increase volumes and profits will jump in with both feet. Larger vendors will benefit the most, small businesses and dealers face the most risk. All schedule holders will feel great pressure to participate.

This Research Bulletin is issued as part of INPUT's Electronic Government Market Action Reports (MAR) Program. If you have questions or comments on this bulletin, please call your local INPUT organization or Norm Berthaut at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182; Tel. (703) 847-6870.

INPUT

Research Bulletin

A Publication from INPUT's Electronic Process Practice

March 1997

Meeting User Needs for Internet/Intranet Development

The Internet represents the most significant wave of new technology since the introduction of PCs in the early 1980s.

The realization that the Internet can be adopted to support an organization's internal business processes brings to the fore the reliability and security issues of the "open Internet" that are key drivers of the *Intranet* opportunity.

Some large organizations are already deploying Intranets designed to underpin key elements of their business. Certainly the majority of organizations are at least planning how Intranets can most effectively be used.

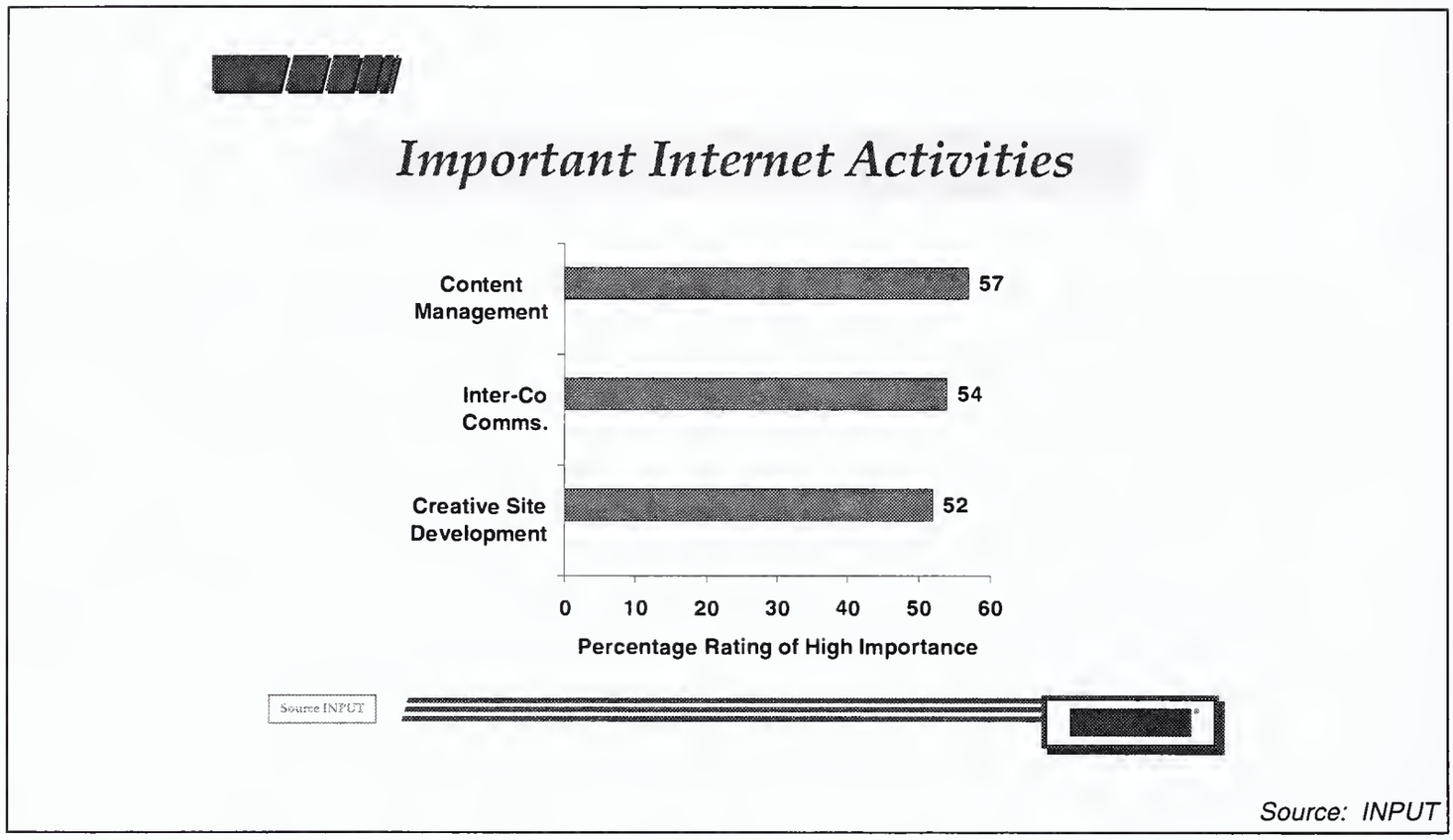
The opportunity to meet both Intranet and Internet systems development requirements is creating a substantial new market for professional services firms and systems integrators. This market was already worth $2.5 billion in the U.S. in 1996 and is expected to be worth $18 billion by 2001.

However, IT professional services firms and systems integrators face major challenges in attempting to understand how Internet technology can best be used in corporate computing environments now and in the future.

Primary research recently compiled by INPUT is presented here to assist IT services vendors to optimize the growing potential of this market, covering the following issues:

- Gaining an understanding of the priority that users are placing on different applications of Internet technology, both internally as Intranets and externally
- Identifying those areas where users are most likely to seek or be receptive to the utilization of external sources of development assistance

Exhibit 1



Understanding User Priorities

The most important Internet activities for users are indicated in Exhibit 1.

Content management is one of the highest priorities for users as they come to realize the full extent of the on-going support commitments, ranging from update services through to continuous 24x7 support.

At the moment Internet users are not yet generally applying the technology to full function interactive services, although these are expected to emerge soon to form a second wave of demand for services.

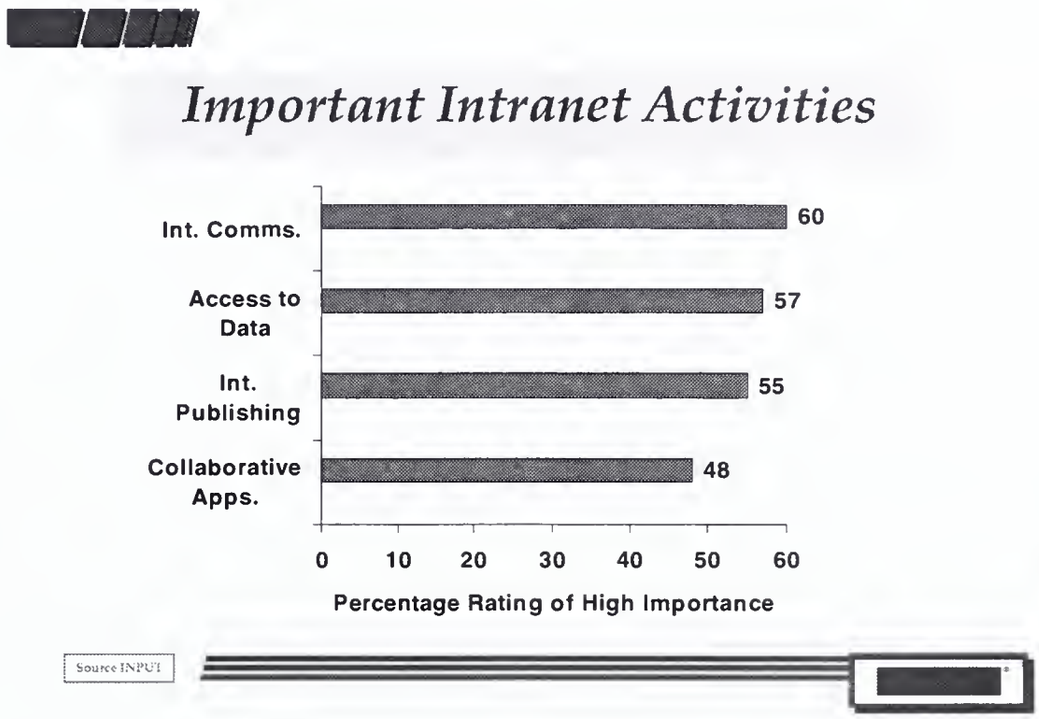
Currently concerns about security and network reliability are impeding the development of the more advanced uses of the Internet.

It is in response to these concerns that users have in the meantime focused their attention on leveraging Internet technology internally as Intranets.

Three quarters of the users surveyed in this research project reported that they were actively planning to implement an Intranet.

User priorities for Intranet development are shown in Exhibit 2.

Exhibit 2



Source: INPUT

Identifying Strong Service Need Areas

Users adopt a selective approach in utilizing services vendors for Internet related activities.

Creative site development is the area most likely to be subcontracted to a services vendor as is shown in Exhibit 3.

The functions users choose to subcontract will not necessarily correspond to the functions which users rate of highest priority.

For example, users indicated that they were least likely to turn to an outside vendor for help with inter-company communications even though this activity was rated first in importance by users.

This is an example of the tendency to insource critical activities which might be more efficiently addressed through utilizing an external source of know-how and experience.

Exhibit 4 indicates that the strongest service need in relation to Intranets would appear to be supporting access to corporate data.

Exhibit 3

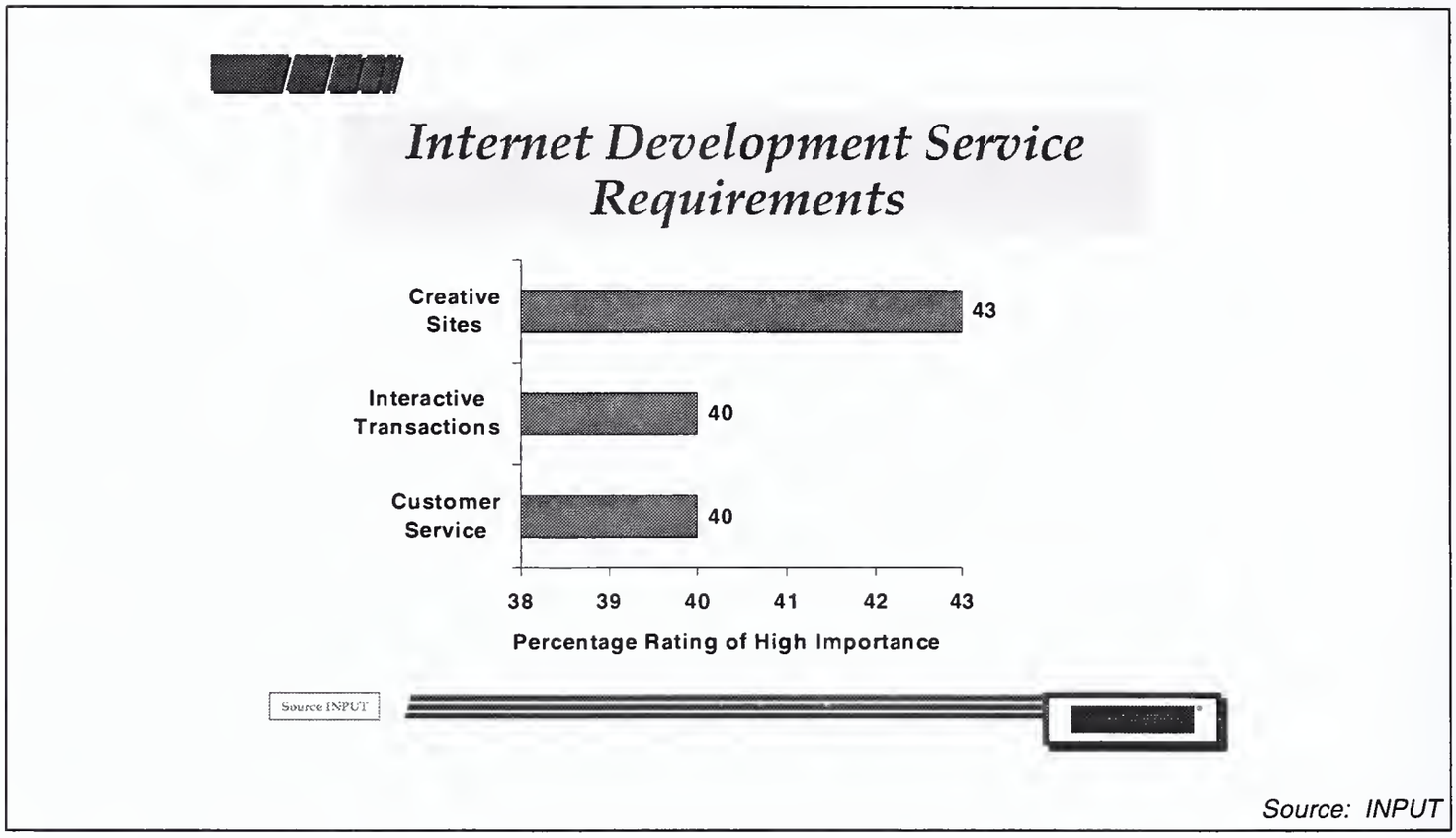
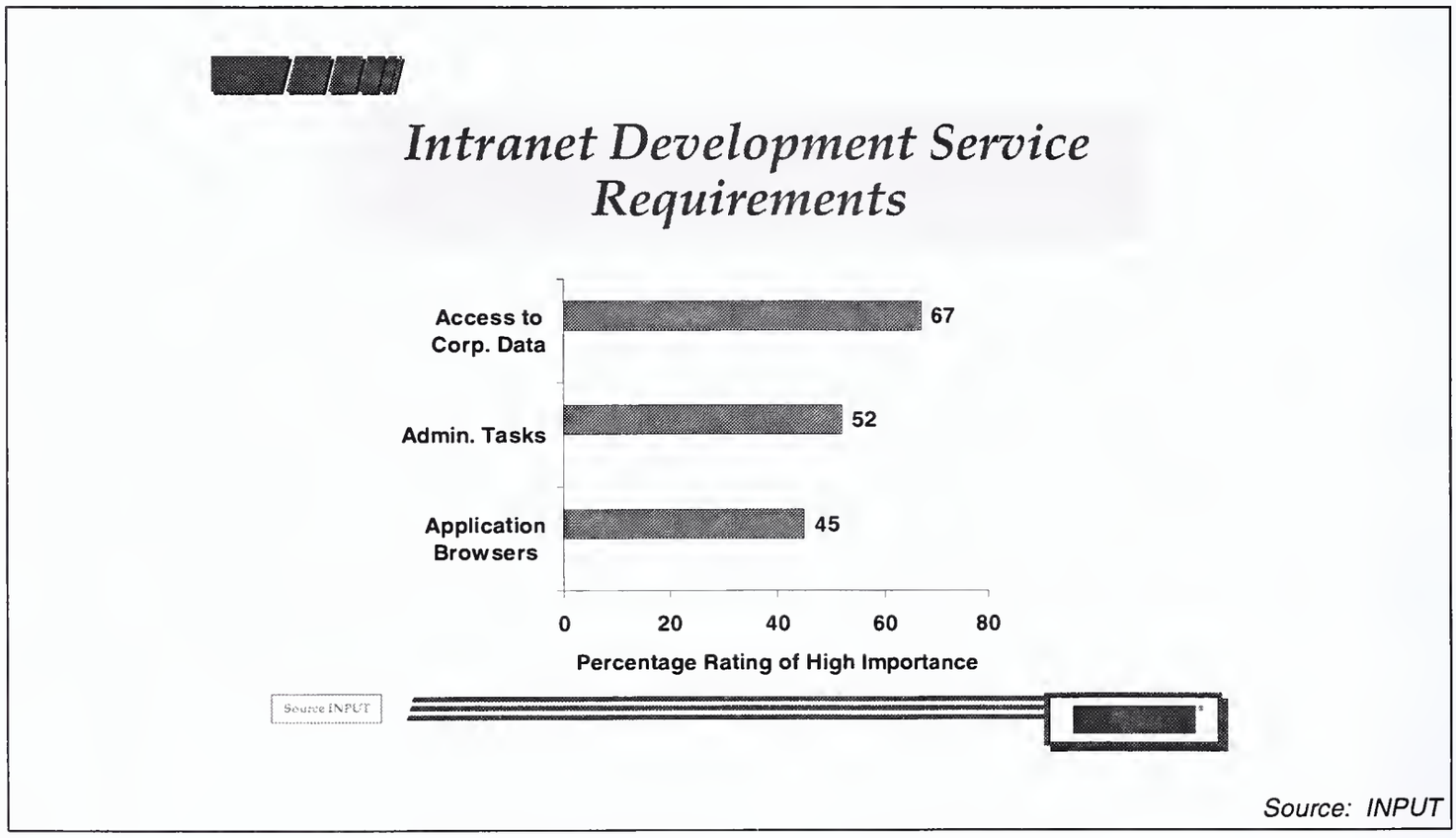


Exhibit 4



Other Intranet activities that are also highly likely to be sub-contracted by users are, the migration of existing applications, the facilitation of internal communications and collaborative applications.

The key factors that are likely to drive demand for vendor assistance in the support of Intranet development are:

- Lack of skills and experience in-house
- Non-mission critical nature of projects causing shortages of internally available resources
- Uncontrolled, unmanaged development of Intranets at the department level

Existing applications that are likely to be moved to Intranet platforms are:

- Sales automation including expense reporting and travel
- Order processing as part of EDI and Supply Chain Management
- Internal Help desks
- Accounting applications

Greater dependence on internal networks particularly for firms that operate globally, will be a major driving force for development opportunities of professional services firms.

For example Ford Motor depends on Hewlett-Packard to mange its Intranet activity to ensure support for 70,000 users across over two dozen countries.

This Research Bulletin is issued as part of INPUT's Systems Integration Program. If you have any questions or comments on this bulletin, call Wilson Haddow at INPUT, 1881 Landings Drive, Mountain View, CA 94043-0848, (415) 961-3300, email wh@input.com.

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Research Bulletin

A Publication from INPUT's Federal IT Market Analysis Program

Vol. VI, No. 5 May 1997

Geographical Distribution of Federal IT Spending

Federal Procurement Data System (FPDS) Reporting

The FPDS is the responsibility of the Office of Procurement Policy (OFPP). The Federal Acquisition Regulation (FAR) requires procurements exceeding $25,000 be reported to the Federal Procurement Data Center (FPDC) — which is maintained by GSA. The agencies report procurement data, including the contract obligation amount — the amount the federal government has agreed to pay for a specified product or service. This does not necessarily indicate the amount of money spent, or the potential value of a contract.

INPUT recognizes, as the GAO has pointed out, the inadequacies of the FPDC data, but believes the data can serve as a useful gauge of federal government IT spending patterns.

Methodology

INPUT analyzed the place of performance for federal spending during fiscal year 1996. Exhibit 1 shows where agencies spent the most. Exhibit 2 shows which agencies spent the most on IT. Exhibit 3 examines the lead states where federal IT dollars are spent. Analysis of expenditures by type of company is shown in Exhibit 4. We identify the lead spender per state in Exhibit 5. All dollar values are in millions. INPUT also offers observations, analysis and some recommendations in this research bulletin.

.Exhibit 1

Agency Place of Performance

Agency	State
Agriculture	Montana
Air Force	California
Army	Virginia
Commerce	Virginia
Defense	Virginia
Education	Maryland
Energy	Louisiana
EPA	Washington DC
FEMA	Virginia
GSA	Virginia
HHS	Maine
HUD	Maryland
Interior	Colorado
Justice	Washington DC
Labor	Washington DC

Source: FPDC

Exhibit 2

Top Agency Spenders

Rank	Agency	1996
1	Army	9,674,792
2	Navy	9,390,770
3	Air Force	8,588,365
4	GSA	2,593,918
5	DOD	2,591,748
6	HHS	2,558,659
7	Energy	2,456,693
8	Transportation	2,026,797
9	NASA	1,798,683
10	Treasury	965,065
11	Justice	652,181
12	Agency for International Dev.	484,159
13	Commerce	445,948
14	State	371,309
15	EPA	354,935
16	Nat. Consumer Coop. Bank	337,507
17	Education	335,392
18	Agriculture	329,868
19	Veteran Affairs	300,232
20	U.S. Army Corp of Engineers - Civil Program Financing Only	207,964

Source: FPDC, $Thousands

Exhibit 3

Top State Work Locations

Rank	Agency	1996
1	Virginia	10,762,386
2	California	5,604,527
3	Maryland	4,361,506
4	Washington DC	2,818,554
5	Massachusetts	2,713,206
6	Texas	2,243,808
7	Florida	2,086,430
8	New Jersey	1,216,675
9	New York	1,158,458
10	Colorado	1,106,710
11	North Carolina	964,106
12	Oregon	962,324
13	Ohio	907,987
14	Washington	769,439
15	Pennsylvania	728,718
16	Indiana	720,641
17	Missouri	644,967
18	Alabama	609,067
19	Louisiana	594,003
20	Georgia	542,011

Source: FPDC, $Thousands

Exhibit 4

Geographic Distribution of Companies

Rank	Large Business	Small Business	8(a)	Non-Profit	All Types
1	Virginia	Virginia	Virginia	Georgia	Virginia
2	California	Maryland	Maryland	California	California
3	Maryland	California	Colorado	Texas	Maryland
4	Massachusetts	New Jersey	California	Ohio	Massachusetts
5	New Jersey	Pennsylvania	Massachusetts	Massachusetts	Texas
6	Florida	Georgia	Missouri	Oklahoma	New Jersey
7	Texas	Texas	New Jersey	Washington DC	Florida
8	New York	Massachusetts	Florida	New Jersey	New York
9	Washington DC	Florida	Washington DC	New York	Washington DC
10	Colorado	New York	Ohio	New Mexico	Colorado

Source: FPDC

Exhibit 5

Lead Spender per State

State	Agency	State	Agency	State	Agency
Alabama	Army	**Kentucky**	Army	**North Dakota**	Justice
Alaska	Defense - OSD	**Louisiana**	Energy	**Ohio**	Air Force
Arkansas	Army	**Maine**	Navy	**Oklahoma**	Air Force
Arizona	Army	**Maryland**	Navy	**Oregon**	HHS
California	Air Force	**Massachusetts**	HHS	**Pennsylvania**	Army
Colorado	Air Force	**Michigan**	Army	**Rhode Island**	Navy
Connecticut	Navy	**Minnesota**	Navy	**South Carolina**	Air Force
Delaware	TVA	**Mississippi**	Army	**South Dakota**	GSA
DC	Defense	**Missouri**	Navy	**Tennessee**	Energy
Florida	Air Force	**Montana**	Justice	**Texas**	Air Force
Georgia	Air Force	**Nebraska**	Air Force	**Utah**	Air Force
Hawaii	Navy	**Nevada**	Energy	**Vermont**	AID
Iowa	Air Force	**New Hampshire**	Navy	**Virginia**	Navy
Idaho	Energy	**New Jersey**	Army	**Washington**	Air Force
Illinois	Air Force	**New Mexico**	Energy	**West Virginia**	Energy
Indiana	Army	**New York**	Army	**Wisconsin**	NASA
Kansas	Army	**North Carolina**	Navy	**Wyoming**	Energy

Source: FPDC

Observations

We observe the following:

- Even though Virginia, Maryland and Washington DC have the most work performed on an area-wide basis, the trend continues for more work performance outside the DC area — spending inside the DC area has continued to remain below FY93's 42.5% at 38.6% for FY 96 but above FY95's 31.5%.
- 67% of spending went to large businesses, 15% to small and disadvantaged businesses (including 8(a)s) and 17% to small businesses and 1% to non-profits.
- The top 10 agencies did 90% of the spending.
- The top 10 states had 74% of the spending performed among them.
- DC and sixteen other states (DE, ID, IL, LA, MA, MD, MT, NM, NV, ND, OR, PA, TN, VT, WV, WY) had more civilian IT spending than defense IT spending.
- California, New Jersey and Pennsylvania show surprisingly strong spending on small businesses.
- California, Colorado and Massachusetts show surprisingly strong spending on 8(a)s.
- Georgia, California and Texas show surprisingly strong spending on non-profits.
- Air Force is the big spender in 12 states, Navy in 10 states, Army in 10 states and Energy in 7 states.

Analysis

INPUT recommends:

- As more work performance flees to outside the Washington DC area, a vendor's sales focus should not be limited to agency headquarters offices.
- Besides the Washington DC area, vendor sales programs should cover California, Texas, Florida and the Northeast/Mid-Atlantic regions for maximum exposure.
- Even though Defense did more of the spending in past years, the civilian agencies are spending on par with Defense in FY 96.
- Defense spends the most in 36 states. Energy spends the most in another seven states.

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Research Bulletin

A Publication from INPUT's Federal IT Market Analysis Program

Vol. VI, No. 6 June 1997

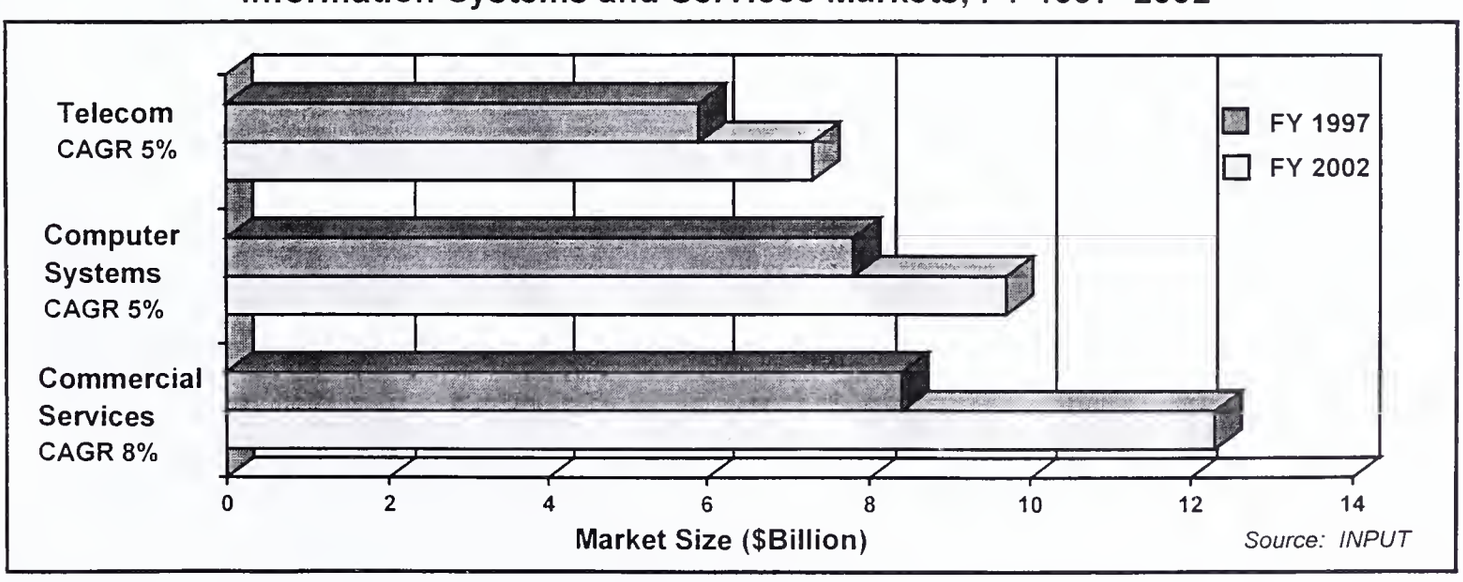
The Federal Information Systems and Services Market Outlook, Fiscal Years 1997-2002

INPUT has just published its market forecast for the Federal Information Systems and Services Market FY 1997-FY 2002. This research provides forecasts of information technology expenditures by the U.S. federal government for fiscal years 1997 to 2002 and includes analysis of the federal information technology budget submitted for fiscal year 1998.

Overall Federal IT Market

The overall market planned for federal acquisition of information systems and services in FY 1998 is $23.1 billion, forecasted to reach $30.1 billion in FY 2002, excluding classified systems and imbedded technologies. This represents a compound annual growth rate (CAGR) of 5.9%. The growth is higher than forecast last year because of delayed spending in previous years. The overall IT budget is expected to grow at 3.9% over the next five years. The three principal components of the contract portion of the agencies' proposed IT expenditures are shown in the following exhibit.

Information Systems and Services Markets, FY 1997–2002



Some key observations follow:

- The **commercial services** market is experiencing the most growth. Outyear spending is forecast at an 8% CAGR and will grow from $8.4 billion in FY 1997 to $12.3 billion in FY 2002. Professional services is fueling this growth. Several factors are driving the demand for commercial services: loss of in-house capability due to pressure to reduce the size of the federal workforce, requirement to redesign business functions of the federal government and loss or lack of expertise needed to integrate legacy systems in emerging client-server environments.

- Expenditures for **computer systems**, including hardware and systems software, is flat from estimates for FY 1997 to FY 1998. However, future spending is expected to increase steadily, growing to $9.7 billion in FY 2002 at a CAGR of 4.6%. This growth is significant because commercial hardware and software product costs continually decline. Agencies are putting increased emphasis on commercial product solutions (i.e., COTS - commercial-off-the-shelf solutions) rather than custom systems.

- **Communications and network services** expenditures are projected to increase from $5.9 billion in FY 1997 to $7.3 billion in FY 2002 at a CAGR of 4.5%. The rate of spending for voice and data circuits continues to grow. Difficulties in tracking telecommunications outlays continue. The lower rates due to price readjustments of the FTS2000 contract continue to reduce actual dollars spent. Recompetition of the FTS2001 and proposed integration of the Defense Information Systems Network (DISN) will drive prices and spending further downward, although demand for voice and data will increase.

The distribution of IT spending across agencies changed only slightly for FY 1998 from the distribution for FY 1997 spending. The top ten IT budgeted agencies in descending order are OSD, GSA, Air Force, Navy, Army, Transportation, Treasury, NASA, Energy and Justice. The top ten IT contracting agencies in descending order are OSD, GSA, Transportation, Navy, NASA, Energy, Army, Air Force, Treasury and Justice.

Of the total federal obligations of $29.5 billion in FY 1998, civilian agencies represent 61% and defense agencies 39%. By FY 2002, this shifts to 66% civilian and 34% defense with $35.1 billion in total obligations. This change demonstrates the shift of program priorities in the federal government to civilian agencies.

Information Technology Markets

The federal government information services marketplace ranks fourth within the U.S. industry sector — behind discrete manufacturing, banking, finance and process manufacturing. But due to the federal government market's slow growth, this sector will drop to sixth place in 1998 and eighth place by 2001. State and local government, with its 20% CAGR, will almost double the federal sector opportunity by 2002 — funds are shifting from the federal to the state level. The combined federal and state and local government market was the number one industry sector in 1996.

Information Technology Budget, FY 1998

The proposed FY 1998 Federal Executive Branch Information Technology budget of $29.5 billion is up from $27.8 billion in the proposed budget for FY 1997. The contracted portion of the IT budget is estimated to increase from $20.9 billion in FY 1997 to $22.6 billion in FY 1998, excluding classified systems and imbedded technologies.

Equipment is down 4% from FY 1997, while services went up 19% from $13.4 billion in FY 1997 to $15.9 billion in FY 1998. All other categories stayed roughly the same. This represents a strong continuing signal that the federal government will be contracting out more and more of its IT systems and services. Contracting continues to increase over the long term from 77% of the FY 1994 federal IT budget to 86% in FY 2002 — a 5.9% CAGR. Defense contracts approximately 70% of its total IT budget, while civilian government contracts around 80%.

Key observations between the new FY 1997 estimates and the forecasted FY 1998 budgets are:

- The **commercial services** segment will see increases in leased telecommunications data services and professional services
- The **capital investment** segment has a 1% increase in hardware acquisitions at the expense of a 5% decrease in software acquisitions
- **Operating costs** inched up 1% from FY 1997. This segment represents only 6% of the total IT budget
- **Personnel costs** are projected to be flat at $6.3 billion in FY 1998 — representing 21% of the overall IT budget

INPUT reviewed the changes in budget documentation to identify the key areas affected. FY 1998 budget figures show limited growth reported from FY 1997. INPUT forecasts moderate growth to continue through the outyears, although vulnerabilities exist from added pressures to balance the budget, reduce the federal deficit and overall spending. The Administration and Congress both appear willing to continue the information technology investment to gain efficiencies and thus reduce government spending.

Congress is seeking demonstration that operating improvements follow from increased IT budget authority. The Government Performance and Results Act (GPRA) requires that agencies set milestones for all programs and develop strategies with detailed performance measurements for systems use on an annual basis. Because agencies have been slow in their response to submit reports to meet the September deadline, they have been threatened with having their funding denied.

Federal Budget Issues

Slower overall budget growth and the resultant reduction in outlays for goods and services can be expected throughout the remainder of the decade.

Several factors influence both the level of IT spending in FY 1997 and projected spending in the out-years, beginning with FY 1998:

- **Cost control** — Reduced government services will result in much lower overall growth of the IT budget unless Congress can be convinced that increased IT spending will result in lower operating costs and more efficient services to the public
- **Procurement reforms** — Agencies should be able to spend their budgets faster, more efficiently and effectively
- **Budget deficit-control measures** — OMB is trying to tie agency IRM plans to agency budgets. This is in advance of increased capital investment, due in part to the insistence on commercial products rather than custom systems (i.e., the COTS effect)

- **Program downsizing** — The federal government is following the private sector in trimming the workforce. INPUT forecasts declining IT staffs

- **Outsourcing pressure** — In their capital planning, agency heads must determine whether to privatize, outsource or insource anything outside their core competencies

Information Technology Market Factors

The principal market factors influencing how IT will be procured have some relationship to the budget deficit and to the Administration's focus on improving service and efficiency.

Federal spending slows with the following:

- Downsizing process
- Budget cuts
- Commodity pricing
- Business Process Reengineering
- IT productivity gains
- Federal programs to states

Federal spending increases with the following:

- Staff reductions
- New initiatives
- COTS initiatives
- IT fever
- NPR initiatives
- Distributed computing

Conclusions

Government-wide IT priorities continue to shift as agencies attempt to improve performance at lower costs, cross-agency programs are centralized and as agency reorganizations remove unneeded programs. Overall, IT spending will increase at a modest level until improved performance can be measured and demonstrated.

Watch for the following to unfold:

- **IT fever under attack** — Under severe pressure to reduce the federal deficit, cost-reduction measures are being imposed on agency programs. The IT Management Reform Act of 1996 focuses on mission, cost-effectiveness and performance of implemented IT. OMB is the new enforcer in town. Agencies are being judged on performance and results-based management techniques. Agency budgets are being linked to capital planning and investment control. Baseline measurements are being sought for IT. Efficiency and effectiveness comparisons to a relevant reference group (private industry, other federal agencies, state government, etc.) are necessary to justify future IT discretion

- **Decision point** — Existing programs are being examined for possible downsizing or termination. Failing the test, government programs are being scrutinized for privatization opportunities or, at a minimum, outsourcing of the function

- **IT brain drain** — The buy-outs of the last two years have depleted agencies of institutional knowledge and technical expertise. The new, younger workforce is far more transient — creating difficulty in acquiring and retaining the necessary IT skills, particularly those of emerging technologies. As the government "hollows out," industry will be invited to fill in. Agencies will move toward commercial products with a vengeance

- **Unpredictable procurement process** — Procurements will become more of a relationship buy favoring larger vendors. Vendors' capture costs will increase as agencies let a series of smaller contracts versus the massive, multi-year systems of the past. As the FIRMR goes away and agencies decide their level of procurement discretion, a given agency procurement process is less predictable. Vendors will most certainly have to deal with a variety of processes in the future

- **Year 2000** — Federal agencies will spend only $31.1 billion from FY 1996 through FY 1999 on total services contracted out. Of that, only $7.7 billion is earmarked for software development. With estimates upward of $30 billion to fix the Year 2000 problem in the government, there is not enough money to address the problem. This issue may be the single greatest deterrent to IT growth within the federal government in the near future

Recommendations

The federal information technology market is in a state of change because of the federal acquisition reforms of 1996. This state of flux has created a degree of uncertainty which makes clear predictions and forecasts of the market and its future composition difficult at best. One of the few things that can be asserted with confidence is that this market will change significantly over the next five years, but will enjoy consistent growth.

The following recommendations will help vendors maintain their competitive edge to take them into the twenty-first century:

- Prepare for more competition
- Increase marketing activities to develop strong agency relations, particularly with GSA
- Be alert for "blink and miss" opportunities
- Understand agency requirements and acquisition reforms
- Emphasize cost-effective solutions
- Emphasize cost benefit analysis
- Provide adaptive COTS products
- Get on a GSA schedule
- Service emerging technologies
- Broaden market focus
- Engage CIOs and other agency decision-makers

More Information?

This bulletin presents a global view of the market for federal information systems and services for fiscal years 1997 through 2002. It also notes the five-year growth rates for those expenditure forecasts. Much greater detail will be available in the INPUT publication, *Federal Information Systems and Services Market, FY 1997-2002*, to be issued in August.

Readers who are interested in this market forecast report should contact Norm Berthaut or the INPUT office in Vienna, VA at (703) 847-6870 for more information on content or ordering this document.

This Research Bulletin is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this bulletin, please call your local INPUT organization or Norm Berthaut at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182; Tel. (703) 847-6870.

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  - ⇒ Procurement Analysis (PAR)
  - ⇒ Awards (FAIT)

Custom Projects

For Vendors - Analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers - Evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

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IT2000™

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Research Bulletin

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An INPUT White Paper:

The IT Industry and the Year 2000

"The Problem of the Century"

You've looked at your calendars and most of you are now at least dimly aware that the year 2000 is less than 3 years away. Likewise, the fact that the passing of this landmark could spell significant trouble for organizations whose current systems rely on traditional two-digit date fields is nothing new. The looming danger may be summarized in a general sentence; programs utilizing conventional date formatting may perform calculation errors or cease functioning altogether. This can have dire consequences for businesses and may precipitate the failure of an enterprise altogether.

Having been roused by the cacophony of "Y2000" solutions providers springing from the woodwork, most businesses have at least awakened to face these potentially devastating consequences and begun shuffling towards developing and administering viable solutions. Or have they? INPUT research has shown that a substantial percentage are still just beginning to acquaint themselves with the issue, and those that have begun the transition have vastly underestimated the associated time/cost commitment.

Attending the recent ITAA conference that addressed the Y2000 issue specifically, one couldn't help but be overwhelmed by the dizzying array of service vendors offering their own unique solution. But are they truly unique? A close look at the literature reveals that many of the differences are indiscernible, or that simply the user community isn't familiar enough with the issues to readily differentiate between vendor offerings. Virtually all vendors of Y2000 services offer full-service contracts - from initial diagnosis of present systems to the implementation and testing of formal solutions.

The result? The rush to tap into the estimated $300B Y2000 compliance market has overwhelmed corporations with choices. In selecting a service vendor, a company must first perform several checks, including:

- Ensure that the company is reputable - that they have an established lifespan and track record on similar projects
- Make sure that the company will not vaporize at midnight, December 31, 1999 and is taking proper measures to ensure the viability of their own enterprise beyond the Year 2000

- Ascertain which competencies must be scrutinized to determine that the firm is technically able to perform the conversion
- Obtain assurance that the vendor truly understands the scope of the Y2000 problem
- Ensure that the service provider can deliver a satisfactory solution on time and within budget
- Determine whether the vendor's technical solution evolved from a management solution, or vice-versa
- Evaluate how much of the conversion should be conducted internally and how much should be outsourced
- Assess the impact of enlisting offshore resources
- Determine whether software tools are enough or whether a comprehensive solution is required (software + external resources)?

These are but a few of the issues confronting an organization as it addresses a Year 2000 software conversion program. Each vendor or "Y2000" conversion expert has their own opinion regarding the steps a firm should take to ensure that they are year 2000 compliant, but generally they incorporate the same elements of any systems-related project:

- Planning — how to address the issue
- Analysis/Diagnostics — delineating the problem
- Assessment — sizing up the problem
- Solution Design
- Resource Allocation — time/money/ expertise (internal/external) required
- Development
- Testing
- Implementation
- Maintenance

This is certainly not a hard and fast recipe for project management and there are undoubtedly innumerable subsets of each category, but most of the Y2K solution vendors provide services which fall into at least one or combine several (all?) of these general elements.

Addressing the Problem

There are several types of Y2000 solution vendor, each capable of providing one or more of the following products/services:

- Consulting
- Tool(s) — one or a few
- Clock simulation — date library or clock simulation support
- Full conversion service — possibly with other options, i.e. tools, but not primarily
- Integrated toolset — many possibly integrated tools covering stages of the project cycle in various combinations

INPUT's experience has shown that vendors of Y2000 conversion products and services are reluctant to restrict themselves to one particular slice of the proverbial pie. For example, one may find that the vendor of a particular software diagnostic tool does not want to just sell the software tool, but has partnered with a consulting firm and now wants to bundle the tool with a comprehensive

solution package. This pervasive development makes it difficult to obtain Y2000 conversion elements *a la carte*. While this may make decisions simpler since any one vendor can provide everything, how do you know what you're truly getting and just how a particular vendor's competencies stack up?

As the dawn draws nigh, organizations are realizing that the number of conversion options available to them is quickly dwindling. Considerations of proactively reengineering application systems, replacing systems with third-party application packages, or converting systems to client/server platforms are being abandoned in favor of more immediate, programmatic changes. These changes can generally be classified into two categories:

- Date field expansion — expanding the existing two-digit year fields to accommodate four-digit year fields
- Date field interpretation — incorporate work-around logic into programs to convert two-digit year date fields into four-digit year date fields

Synopsis of Conversion Strategies

There are six general conversion strategies that incorporate these two approaches:

- Date Field Expansion Strategy
- Smart Century Digit Date Field Strategy
- Century Window Strategy
- Datastore Duplexing Strategy
- Standard Date Routine Strategy
- Bridging Strategy

Date Field Expansion Strategy

The date field expansion strategy involves expanding an existing date field that does not contain a century indicator (e.g., *mmddyy*) to one that supports multi-century date values (e.g., *mmddccyy*). From a programming perspective, expanding the date fields is the most straightforward approach as well as the easiest to test. However, it is also the hardest to implement. This is due to the fact that all application components related to a specific date field must be modified at the same time the file is expanded to accommodate the expanded definition.

The massive synchronization of changes to the programs and files required to implement the date field expansion strategy is extremely difficult. It introduces project management problems such as requiring all source code to be frozen for long periods of time to prevent any further maintenance activities until these changes are complete. It also introduces difficulties associated with managing parallel development functions.

Smart Century Digit Date Field Strategy

The smart century digit approach, also known as "date value encoding," uses an encoding scheme to represent the century value, usually as a one byte indicator. Although any unique character can be assigned to represent a specific century value, the most common scheme is shown below:

Code	Century	Value
0	19th century	18
1	20th century	19
2	21st century	20

Organizations should select the code value that ensures proper sort sequencing (i.e., 1 is less than 2). This date field conversion technique is most appropriate when the existing date format has an unused byte that can be used to indicate the century code (e.g., 1="1900", 2="2000"). This situation occurs when a six-digit date field is stored in packed storage format. The smart century digit approach requires that the physical data and all logic based components that access the date fields be converted in a single effort (e.g., this approach requires both data and program changes).

The introduction of processing logic to interpret the century codes adds to the program maintenance burden. If subsequently the date fields in the file are expanded, then all of this processing logic must be removed and the program retested. This strategy is best implemented as a temporary or short-term solution due to the increased overhead in processing and date access.

Century Window Strategy

The century window strategy establishes a base "bridge" between the two centuries. Date years that are greater than or equal to the base year are considered to be within the current century. Date years that are less than the base year are considered to be in the next century. For example, if the base year is 1930, then a two-digit date year value of 31 would be interpreted as the year '1931' while a two-digit date year of 29 would be considered to represent '2029'.

A two-digit value of 30 would be interpreted as the year '1930' given that the rule is "greater than or equal to" the base year. In other words, the strategy involves nothing more than a floating century window which allows years from two consecutive centuries to be represented by their last two digits and be protected against replication. Note, the interpretation rules must be consistent in all programs for a specific date field within the organization, as well as externally if the data is shared with other organizations.

Typically, an organization can use the century windowing technique to avoid or postpone physical field expansion by supporting multi-century date processing past December 31, 1999. Organizations whose applications use date fields that contain year values spanning more than one hundred years cannot use the century window technique. For example, birth dates and insurance policy start/end dates may span three centuries.

Datastore Duplexing Strategy

The datastore duplexing strategy involves the creation of a "duplicate" file/database so that one datastore contains unexpanded records (two-digit year date fields) and the second contains expanded records (four-digit year date fields). This technique uses an external process to copy an existing file and creates a year 2000 compliant format of the same data. Both year 2000 compliant and non-compliant programs can then process the data without any code modifications. The duplicated datastore can be deleted following the completion of the last processing job provided that it is recreated in each processing cycle.

Datastore duplexing is most applicable to batch processing - this technique is not easily deployed for files/databases that are maintained by on-line transaction processing. Depending on the type, size and usage of the data store, this option may provide a more controlled conversion. The data duplication (date expand/contract) utility step can be migrated down the batch processing stream as each subsequent program is converted to read the new expanded date file. Typically this is a

temporary solution and is usually coupled with field expansion and century window strategies. Very large files/databases are not good candidates for data duplexing as their duplication may require too much disk and CPU resource. The creation of large duplicate files may also adversely impact batch processing time frames/windows.

Standard Date Routine Strategy

In conjunction with the other year 2000 conversion strategies, one or more standard date routines may be used as well. The standard (common) date routines can be developed in-house or commercially purchased. If an existing in-house date routine is not year 2000 compliant, the conversion effort involves the modification or replacement of the current program logic (i.e., call logic) to call a new date routine at the appropriate points within the program logic flow. The degree of code change depends on the structure of the program logic and date routine call parameters.

Bridging Strategy

The bridging strategy is a combination of date field expansion and century window techniques that enables date field definitions within programs to be expanded without requiring the simultaneous expansion of their related files/databases.

This strategy involves the same modifications of the program logic to accommodate expanded year 2000 compliant date fields as in the date field expansion strategy. Additionally however, interpretive logic is incorporated within the program to check whether or not the program requires the bridging technique. The bridging routine determines if input or output records contain compliant (four-digit year) or non-compliant (two-digit year) date fields immediately after a datastore read or before a datastore write. The "I/O bridge" logic then expands or contracts the date fields appropriately based on the current status of each specific datastore being accessed.

The key advantages of this dynamic bridging strategy is that individual programs can be upgraded to support expanded date fields, validated and then put back into the production environment "ready" for the future conversion of the physical datastores.

This approach is best suited for critical on-line transaction processing environments as it enables large numbers of programs to be upgraded over a period of time in preparation for the conversion of the master file/database over a weekend window.

Careful Planning the Key to Y2000 Conversion Cost Savings

An approach to saving on the expense of a Y2000 conversion is to perform the project in three phases. Each phase should have specific deliverables that build on each other to ensure a tightly controlled, well planned and implemented Y2000 solution. These phases are:

- Analysis — how many programs are impacted, how to fix and test them;
- Pilot project — proof of concept and process/procedure streamlining
- Implementation — repair, test and implement each application group

Requests for proposals (RFPs) and bid requests should be issued against each specific phase and not all phases at once. This will make the bid/RFP creation and vendor selection much more cost effective.

Analysis

The analysis phase is where all of the questions at the beginning of this section are addressed. While simply getting the answer to how many objects are date impacted in many instances is all an IS professional is after, it is far from the complete picture. An RFP or bid request should address the following areas:

Tools

⇒ Does the vendor solution incorporate tools that analyze all or many of the enterprise's application languages and files on multiple computer platforms? (the authoring RFP company should specify the languages, platforms and data file access methods or database types such as Assembler, PL/1, Focus and Easytrieve)

⇒ Do these tools build a data repository that feeds automated change tools during the actual implementation phase?

⇒ What is the annual or one-time charge for these tools?

⇒ What type of repository is built? (SQL, Flat File, other)

⇒ Can standard query and report writer tools already in the client inventory be used against the repository? (vendors must be informed what tools the client already possesses)

Methods

⇒ Describe the methodology used to perform the year 2000 project

⇒ Provide graphical depiction and narrative of the tool flow and process

Deliverables

⇒ Does the proposed solution provide a detailed plan for repairing and testing applications?

⇒ Does the solution provide a general estimate of the total project manpower and application repair schedule?

⇒ Does the solution provide the formal testing standards and strategy to be effectively utilized?

⇒ Does the solution assist in awareness training to users and/or executives?

⇒ Is there a tool repository for use in automated repair actions to be done?

⇒ Does the solution provide a general impact analysis of affected application objects?

Vendor Information

⇒ What is the financial status of the vendor? Will they be around in the year 2000 to honor any warranty?

⇒ What volume of repair or conversion work has the vendor performed in the past? Can they provide references?

⇒ For the proposed project lead personnel, what type of skills and experience do they have?

Project Estimates/Tracking

⇒ How long will the analysis take? — a function of the estimated number of lines of code by language and platform

⇒ How many personnel will be assigned at what are their duties?

⇒ Will the work be done on-site, off-site, or in some combination of both?

⇒ What is the vendor's suggested process for project tracking and reporting?

For any Y2000 conversion project, these questions are considered to be of major importance; any vendor who avoids these issues should be viewed as suspect. Accordingly, vendors of Y2000 applications should be as straightforward as possible when confronted with these questions.

Another critical point to remember is that most if not all vendors rely on a mix of analysis tools depending on the language and computer platforms involved. This mix may consist of in-house creations or licensed tools from other parties. A tool set that utilizes the same repository for all languages and platforms is rare. The key is to ensure that each tool provides a repository for future automation of repairs.

Performing a Pilot Project

A pilot project will allow the vendor who created the project plan with the client to work out any rough edges. As with any project, some processes and procedures will need tuning. Some adjustments to the tool set may be required to achieve a higher level of automation. For a Y2000 solution enlisting company, specific RFP/bid questions should include:

Tools

⇒ Does the vendor offer, or is it willing to use another vendor's automated change tools that can utilize the existing analysis repository?

⇒ Does the solution properly incorporate the existing change and problem management processes and procedures?

⇒ Does the solution offer automated change tools for all involved languages? (if the answer is 'no', this may be where offshore resources will be useful)

Project Plan

⇒ How will the vendor execute the pilot project plan? (staffing, schedule, deviations)

⇒ Can the vendor operate in the defined testing environment and strategy?

⇒ Does the vendor require on-site, off-site or offshore facilities?

Vendor Information and Tracking

⇒ Does the vendor agree to operate under the defined project tracking process defined during the analysis phase?

⇒ What experiences and skills make this vendor a candidate for inclusion in the project?

⇒ Financial data and stability: will they be around? How long have they been in business? What is the size of their operation? What is the volume of their prior conversion or repair experience?

⇒ Does the vendor have any affiliations with or capabilities to work with offshore companies where needed?

The Implementation Phase

Once the pilot phase has proved the concept of the repair actions, testing and implementation, the bulk of the grunt work is performed. For the sake of speed and project timeliness, the recommended approach is to

have broken up the applications into groups that can be provided to the year 2000 vendor in consumable portions. By assigning these work packets to a small repair/test team, the team will own it from client delivery to until client acceptance.

The learning curve of each team on the work packet application, testing and exceptions tends to elongate the project versus having just one team intimately familiar with the application from beginning to end. This small team approach permits easier project management and multiple concurrent work packets to be in various stages of repair, test, or acceptance.

Legal Issues Surrounding the Year 2000

First and foremost, the Y2000 issue is a technical one; a company should first work to fix its own internal problems. However, companies should also be careful not to ignore the legal ramifications involved and should endeavor to improve awareness regarding law and Y2000 conversions. There are many important legal issues and risks that require the attention of high-level executives. These aspects should not be overlooked during the management of a technical solution. The following sections delineate parties with legal interests in how a firm performs a Y2000 conversion and provide insights on avoiding liability.

Shareholders

When making an investment decision, investors in a company, partners and long-term debt holders are entitled to know all the material facts regarding the subject firm. The Securities and Exchange Commission requires that companies that are subject to federal reporting duties must disclose all material future anticipated liabilities. Generally accepted accounting principles may also require full disclosure. All companies, public or private, are subject to investor fraud claims for material nondisclosures. Accordingly, a company should carefully evaluate its impact analysis and enlist legal assistance to determine what disclosures must be made.

Furthermore, corporate management has a legal duty to shareholders to act in a responsible manner regarding the conduct of the business and protect the shareholder's investment. All companies - those employing a Y2000 conversion strategy or those who inexplicably are not - should act immediately to meet applicable legal standards of due diligence, prudence and sound business judgment in addressing the issue. Corporate management should consider coverage under Directors and Officers (D&O) insurance and, with the assistance of legal counsel, create a record of diligence that can withstand the scrutiny of a nontechnical judge and jury.

Customers

If a company's operations are adversely affected by a failure to properly address the Y2000 issue, its relationship with its customers may be at risk. Though the law in this area is complex, companies should work to develop force majeure (out-of-control developments), warranty disclaimer and liability cap provisions with its most critical contracts. A company should demonstrate its diligence in addressing the issue by notifying customers in writing of potential problems work in conjunction with them to create back-up and parallel systems. Correspondingly, if a company has good reason to believe that its subcontractors and upstream suppliers may not become Y2000 compliant, it should work with them to identify and solve problem areas and take the necessary legal action to ensure that they do.

Third Parties

Employees, subcontractors, or any other entities that rely on the integrity of your systems or data should also be considered. Asking the question "What if our applications fail?", a company should use its impact analysis to identify all areas involving legal risks of collateral third-party damage that may result from affected data. As appropriate, back-up alternatives should be suggested and blind reliance on vulnerable applications should be discouraged.

Insurers

One way a company can protect itself from Y2000 exposure is through the effective use of general liability, errors and omissions, or first-party business insurance coverage. A careful review of a company's insurance assets may reveal coverage for accounts receivable or other important computerized data affected by Y2000 failures. If a firm discovers that it doesn't have the right coverage, it should ensure that it acquires it. The law in this area is just beginning to evolve so it is important that a company keep apprised of developments.

Software Vendors

Whether or not a company's existing software vendors are legally responsible for making their products Y2000 compliant depends upon the nature of the contracts written with them. Typically, vendor-written contracts contain warranty disclaimers and liability caps. However, under many circumstances, such caveats are not robust and require careful legal analysis to properly interpret. In many instances, the law may require vendors to honor pre-sale representations about their products in letters, marketing pieces, demonstrations and even oral statements. Such elements are taken into consideration when assessing the user's reasonable expectations, without liability caps, regardless of the content of the written contract.

If any software products owned or licensed by a company may fail, the firm should (a) conduct a legal analysis of all software-related contracts and licenses; (b) inventory all representations made by the vendor outside the contract for express or implied statements that the product was Y2000 compliant; and (c) give vendors appropriate legal notice of the company's intentions.

Looking ahead, a company should ensure that any newly acquired or licensed software package is compliant and that future contracts with vendors contain proper restrictions to avoid escape loopholes.

Software Maintenance Providers

Another question surrounding the Y2000 issue involves determining if outside parties who maintain a company's software applications are legally responsible for fixing Y2000 non-compliance problems. These parties are typically, but not always, the original vendors. Once again, this matter depends on the service contract associated with the software's purchase. There is often a difference between modifications to fix bugs for which the vendor pays, and customer-requested enhancements for which the end-user pays. The responsibility for major modification projects such as a Y2000 conversion is likely to fall outside the original scope of the agreement. Thus, the result of these negotiations will depend almost entirely on the strength of a company's legal position.

Non-Software Suppliers

If the companies on which another relies for the supply of ordinary goods and services experience Y2000 problems, their problems

can become problems for downstream organizations. This issue is amplified if software application interact - which is almost assured in any large organization. These suppliers should be contacted regarding their compliance plans and run tests to identify mutual and precipatory Y2000 problem areas. A downstream organization should review its contracts, particularly the force majeure and liability limitation clauses, to ascertain how the non-performance of companies on which it relies might be legally excused. If appropriate, a relying company should inform these organizations that a failure to fix Y2000 related problems will not excuse nonperformance. If a company is bound to a supplier through a long-term exclusivity agreement, their inability to demonstrate compliance may provide legal justification to pursue another supplier.

Conclusion

The coming of the year 2000 is not just a hardware or software issue, but a social problem with the potential to reach crisis levels in this information-hungry society. To avoid potentially expensive and crippling Y2000 problems, companies must ensure that not only is their own shop in order, but that every company on which it relies solves its own Y2000 problem as well. Along with the previous legal issues presented, steps on an organization's Y2000 conversion checklist should be:

- ❑ Gain executive management understanding and support
- ❑ Decide the proper mix of "make vs. buy" of the technical resources needed for the impact assessment, conversion and testing processes
- ❑ Select the appropriate tools for all affected computer platforms and applications
- ❑ Create a plans to set conversion priorities base on the degree of importance attached to candidate systems
- ❑ Adopt an overall conversion methodology, including an adequate test plan allowing the necessary time to "get it right"
- ❑ Screen the introduction of new system resources to assure that the millennium problem is not reintroduced

The time to begin preparations for the year 2000 is now. The problems associated with the impending date change will only become greater as the year 2000 approaches. Organizations that wait for a proverbial silver bullet solution are assuming a tremendous risk. Even inherent bureaucratic delays can be costly. IT firms qualified to perform Y2000 conversions have commitments spanning the next year or so. A delay in starting a conversion may spell difficulty in acquiring the services of a qualified Y2000 solution provider. These are all compelling arguments to begin preparation for year 2000 compliance today.

This Research Bulletin is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this bulletin, please call your local INPUT organization or Norm Berthaut at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182; Tel. (703) 847-6870.

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Research Bulletin

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FY 1996 Leading 8(a)s

INPUT's Analysis

INPUT analyzed federal 8(a) spending collected by the Federal Procurement Data Center (FPDC) during fiscal year 1996. Throughout this bulletin, the numbers in parenthesis next to company names represent INPUT's FY95 rankings.

Exhibit 1 represents the top 20 8(a)s across all executive agencies. The top 20 agencies using 8(a) contracts are ranked by total expenditures in Exhibit 2. Analysis of the product and service codes (PSCs), the work being performed on a contract, is shown for 8(a)s in Exhibit 3. The top 20 states in which 8(a) work is performed appears in Exhibit 4. The remaining exhibits show top 10 8(a)s by agency. All dollar values are in millions.

In all cases, the data reported represents 8(a)s as prime contractors — no subcontracting activity is included. Some companies have graduated from the 8(a) program, but are still reported as 8(a) companies by the agencies.

Observations

Since FY95 the following activity has occurred:

- 14 new companies now appear in the top 20 8(a)s,
- Education and Veterans Affairs (VA) was replaced by NRC and SSA in top 20 agencies,
- 41% of work was performed outside Washington, DC area.

Federal Procurement Data Center (FPDC) Reporting

The FPDC is the responsibility of the Office of Procurement Policy (OFPP). The Federal Acquisition Regulation (FAR) requires procurements exceeding $25,000 be reported to the Federal Procurement Data Center (FPDC) — which is maintained by GSA. Agencies report procurement data, including the contract obligation amount — the amount the federal government has agreed to pay for a specified product or service. This does not necessarily indicate the amount of money spent, or the potential value of a contract.

INPUT recognizes, as the GAO has pointed out, the inadequacies of the FPDC data, but believes this data can serve as a useful gauge of vendor presence in the federal marketplace.

Exhibit 1

Top 8(a)s

Rank	Prime Contractor	1996
1	Planning Technologies, Inc.	94.5
2	World Wide Technology, Inc.	88.2
3	Government Micro Resources (3)	65.6
4	JIL Information Systems, Inc.	59.1
5	ANSTEC, Inc.	51.1
6	CAMBER Corporation	47.9
7	Information Tech Solutions, (8)	47.7
8	DIGICON Corporation (20)	46.3
9	Manufacturing Technology, Inc. (11)	42.4
10	Pulsar Data Systems (10)	39.7
11	D.C. Information Systems, Inc.	39.5
12	Digital Systems Research, Inc.	37.6
13	Sylvest Management Systems	36.3
14	Nations, Inc. (14)	35.6
15	Uniband, Inc.	34.7
16	Northern Nef, Inc.	32.5
17	Dynamic Decisions, Inc.	30.4
18	PAI Corporation	30.1
19	High Technology Solutions, Inc.	29.8
20	Applied Information Services	25.3

Source: FPDC, $ Million

Exhibit 2

Top Agency 8(a) Expenditures

Rank	Agency	1996
1	Navy (1)	634.5
2	Army (2)	623.4
3	Energy (5)	478.5
4	GSA (17)	436.2
5	Transportation (6)	356.4
6	Air Force (3)	271.2
7	Justice (9)	166.8
8	NASA (4)	159.2
9	Defense (7)	155.2
10	Treasury (8)	147.6
11	Agriculture (12)	105.5
12	Commerce (11)	69.9
13	HHS (10)	56.3
14	State (13)	46.1
15	Agency for International Dev (15)	40.0
16	Labor (16)	36.5
17	Social Security Administration	30.1
18	Interior (14)	21.9
19	Nuclear Regulatory Commission	18.9
20	EPA (20)	16.1

Source: FPDC, $ Million

Exhibit 3

Top 8(a) Work Categories

Rank	PSC	Product Service Code	1996
1	7010	ADPE System Configuration	615.0
2	D399	Other ADP & Telecom Svcs	562.6
3	R425	Professional Svcs/Engineering	506.9
4	R408	Prof Svcs/Prog Mgmt Support	218.5
5	R799	Other Mgmt Support Services	147.8
6	D302	ADP Systems Development	130.7
7	R499	Other Professional Services	117.0
8	D301	ADP Facility Management	112.2
9	D307	Automated Information Sys Svcs	106.5
10	R421	Prof Svcs/Technical Assistance	101.1
11	R706	Mgmt Svcs/Logistics Support	89.2
12	7035	ADP Support Equipment	80.3
13	D306	ADP System Analysis	79.2
14	R414	Prof Svcs/Systems Engineering	74.6
15	J070	Maint/Repair/Rebuilding of Equip	70.6
16	7050	ADP Components	65.1
17	D303	ADP Svcs/Data Entry	58.9
18	7021	ADP Central Process Unit-Digital	52.9
19	J099	Maint/Repair of Misc Equipment	49.3
20	7045	ADP Supplies	46.5

Source: FPDC, $ Million

Exhibit 4

8(a) Place of Performance

Rank	State	1996
1	Virginia	1,099.3
2	Maryland	699.5
3	District of Columbia	402.2
4	California	238.0
5	New Jersey	169.5
6	Ohio	136.2
7	Georgia	120.0
8	Colorado	117.6
9	Florida	99.1
10	Missouri	97.9
11	Alabama	71.5
12	Texas	63.5
13	New Mexico	62.0
14	Oklahoma	60.9
15	Pennsylvania	57.1
16	Louisiana	51.1
17	Tennessee	43.2
18	South Carolina	39.7
19	Massachusetts	38.0
20	Illinois	37.2

Source: FPDC, $ Million

Exhibit 5

Agriculture

Rank	Prime Contractor	1996
1	Micro Star Company, Inc. (5)	22.1
2	Government Micro Resources	10.0
3	Kajax Engineering	7.9
4	Bay State Computers, Inc.	5.6
5	Alta Systems, Inc. (7)	4.2
6	System Support Alternatives	3.2
7	Transport Administrative Service	3.2
8	Intellisource Corporation	3.1
9	Digicon Corporation (4)	2.4
10	Technology Automation & Mgmt	2.3

Source: FPDC, $ Million

Exhibit 6

Air Force

Rank	Prime Contractor	1996
1	Manufacturing Technology, Inc. (6)	25.8
2	Innovative Technologies Corp.	14.1
3	Sumaria Systems, Inc.	10.9
4	Source Diversified, Inc. (7)	9.1
5	NCI Information Systems	8.2
6	System Technology Associates	7.9
7	CABACO, Inc.	6.8
8	Advanced Integrated Technology	6.3
9	Reliable System Services Corp.	6.0
10	Delaware Systems Engineering	5.8

Source: FPDC, $ Million

Exhibit 7

AID

Rank	Prime Contractor	1996
1	Int'l Business & Tech Consult	7.7
2	Software Control International (1)	7.5
3	Ctr for Financial Engineering (4)	4.9
4	I.C.E.S. Ltd.	2.9
5	Devtech Systems, Inc.	2.4
6	Information Mgmt Consultants (8)	2.1
7	SETA Corporation (6)	1.9
8	Fomentco, Inc.	1.9
9	TVT Associates	1.7
10	AMA Technologies, Inc.	1.5

Source: FPDC, $ Million

Exhibit 8

Army

Rank	Prime Contractor	1996
1	CAMBER Corporation	28.4
2	Digicon Corporation	28.0
3	Sylvest Management Systems	26.8
4	Applied Information Services	25.3
5	Information Technology Solutions (2)	22.1
6	Nations, Inc.	19.3
7	Pulsar Data Systems (3)	16.4
8	Superior Electronics, Inc.	15.6
9	Innovative Logistics Technique	14.8
10	System Resources Corporation	13.0

Source: FPDC, $ Million

Exhibit 9

Commerce

Rank	Prime Contractor	1996
1	Research & Data Systems (2)	7.2
2	Digicon Corporation (5)	5.5
3	Sylvest Management Systems (3)	5.0
4	Digital Technologies, Inc.	4.0
5	Data Procurement Corporation	3.6
6	McBride & Associates	3.3
7	Digital Support Corporation	3.0
8	Maden Tech Consulting	2.5
9	Technology Planning & Mgmt Corp.	2.3
10	Signal Corporation	2.3

Source: FPDC, $ Million

Exhibit 10

Education

Rank	Prime Contractor	1996
1	Pulsar Data Systems (2)	2.7
2	Professional & Scient Assoc	1.9
3	Government Micro Resources (1)	1.8
4	KRA (5)	1.3
5	Dynamic Concepts (4)	1.3
6	Universal Automation Laboratory (7)	1.0
7	Decision Systems Tech, Inc.	0.9
8	Maden Tech Consulting, Inc. (9)	0.9
9	ANSTEC, Inc.	0.8
10	Soza & Company	0.5

Source: FPDC, $ Million

Exhibit 11

Energy

Rank	Prime Contractor	1996
1	PAI Corporation (3)	30.1
2	Aguirre Engineers, Inc. (9)	20.6
3	Princeton Economic Research (4)	16.3
4	Jupiter Corporation	14.4
5	Gem Technology, Inc.	13.1
6	York Telecom Corporation	13.0
7	Enterprise Advisory Services	12.4
8	Systematic Management (10)	9.3
9	Research Planning, Inc.	8.1
10	Soza & Company	7.6

Source: FPDC, $ Million

Exhibit 12

EPA

Rank	Prime Contractor	1996
1	Technology Planning & Mgmt (3)	2.3
2	Armstrong Data Services, Inc.	2.0
3	NCI Information Systems (2)	1.2
4	RAO Enterprises, Inc.	1.1
5	Solutions By Design	1.0
6	Vista Computer Services, Inc	1.0
7	Computer Systems Development	0.8
8	Infopro, Inc.	0.7
9	DESA	0.6
10	Geophex Limited	0.5

Source: FPDC, $ Million

Exhibit 13

FEMA

Rank	Prime Contractor	1996
1	Capitol Technology, Inc.	1.8
2	OC, Inc.	1.1
3	Open Technology Group, Inc.	0.9
4	Harvard Design & Mapping	0.6
5	Research Planning (5)	0.5
6	Ward Industries, Inc	0.3
7	USATREX International, Inc.	0.2
8	META, Inc.	0.2
9	Ladorn Systems Corporation	0.1
10	Alphatech Corporation	0.1

Source: FPDC, $ Million

Exhibit 14

GSA

Rank	Prime Contractor	1996
1	World Wide Technology, Inc.	85.0
2	Planning Technologies, Inc.	80.7
3	D.C. Information Systems, Inc.	37.5
4	Northern Nef, Inc.	26.7
5	Symbiont, Inc	19.3
6	ANSTEC, Inc.	14.7
7	Digital Support Corporation (10)	11.6
8	New Technology Mgmt., Inc.	11.0
9	SMF Systems Corporation	9.8
10	Triton Systems, Inc.	9.0

Source: FPDC, $ Million

Exhibit 15

HHS

Rank	Prime Contractor	1996
1	Data Computer Corp. of America	6.5
2	Universal Hi-Tech Dev (3)	2.8
3	Laurel Consulting Group	2.8
4	J And E Associates, Inc.	2.8
5	ANSTEC, Inc.	2.4
6	Soza & Company, Ltd.	2.2
7	Charles M. Mathis Associates	2.1
8	Capital Consulting Corp. (8)	2.1
9	Information Mgmt Consultant (10)	1.9
10	Computer Mgmt Services (7)	1.9

Source: FPDC, $ Million

Exhibit 16

HUD

Rank	Prime Contractor	1996
1	KCM Computer Consulting (1)	1.3
2	Innovative Technologies Corp.	1.7
3	Management Technology (2)	0.7
4	Diversified Capital, Inc.	0.5
5	Alexander Consulting & Training (8)	0.5
6	Custom Programming Services	0.5
7	Education Training & Enterprise (4)	0.4
8	DJ Miller & Associates, Inc.	0.4
9	Quality Support Svcs, Inc.	0.1
10	McFarland & Associates	0.1

Source: FPDC, $ Million

Exhibit 17

Interior

Rank	Prime Contractor	1996
1	Win Laboratories	1.9
2	Pulsar Data Systems (5)	1.8
3	Management Technology, Inc. (6)	1.4
4	Vista Computer Services, Inc.	1.3
5	Advanced Automation Technology	1.3
6	System Resources, Inc.	1.2
7	Northern Nef, Inc. (8)	1.2
8	Productive Data Systems	0.9
9	ANAMEX Corporation	0.9
10	Compus Services Corporation	0.9

Source: FPDC, $ Million

Exhibit 18

Justice

Rank	Prime Contractor	1996
1	General Analytics Corp. (8)	15.8
2	Dynamic Decisions (3)	14.9
3	Uniband, Inc.	12.7
4	West Electronics, Inc.	11.1
5	Comprehensive Technologies (5)	8.4
6	Federal Management Systems	8.3
7	Mnemonic Systems, Inc. (2)	7.4
8	Ebon Research Systems (6)	6.6
9	Nations, Inc.	6.2
10	User Technology Associates	4.0

Source: FPDC, $ Million

Exhibit 19

Labor

Rank	Prime Contractor	1996
1	User Technology Associates (4)	6.8
2	Government Micro Resources (5)	6.0
3	Win Laboratories	5.8
4	United Communications Systems	3.2
5	Jorge Scientific Corporation (10)	1.9
6	Automated Information Mgmt (8)	1.8
7	Data Procurement Corporation	1.7
8	Calvillo & Associates	1.1
9	Panacea Consultants, Inc.	1.0
10	ASPI	1.0

Source: FPDC, $ Million

Exhibit 20

NASA

Rank	Prime Contractor	1996
1	Government Micro Resources (3)	30.5
2	Caelum Research Corporation (7)	9.6
3	Bay State Computers	6.9
4	Gilcrest Electric & Supply Corp.	6.3
5	Recom Technologies, Inc. (4)	4.2
6	Consolidated Industries, Inc.	4.2
7	Information Dynamics, Inc.	3.4
8	Sylvest Management Systems	3.2
9	R and R International, Inc.	2.9
10	Tec-Masters, Inc.	2.2

Source: FPDC, $ Million

Exhibit 21

Navy

Rank	Prime Contractor	1996
1	JIL Information Systems, Inc.	50.0
2	Digital Systems Research, Inc.	27.8
3	George G. Sharp, Inc.	23.9
4	High Technology Solutions	22.4
5	Universal Systems & Tech	17.4
6	CAM Systems, Inc.	17.1
7	Trandes Corporation (3)	16.1
8	Information Tech Solutions	14.1
9	OC, Inc.	13.7
10	Lloyd-Lamont Design, Inc.	11.6

Source: FPDC, $ Million

Exhibit 22

NRC

Rank	Prime Contractor	1996
1	Global Management Systems (3)	4.0
2	Sytel, Inc.	3.3
3	ANSTEC, Inc.	1.9
4	Pulsar Data Systems (4)	0.6
5	Business Promotion Consultants (6)	0.6
6	Kathpal Technologies (8)	0.5
7	M-Cubed Information Systems	0.5
8	Kevric Company, Inc.	0.3
9	Kestrel Associates, Inc.	0.2
10	Garcia Consulting, Inc.	0.1

Source: FPDC, $ Million

Exhibit 23

Defense

Rank	Prime Contractor	1996
1	Pulsar Data Systems	16.3
2	Data System & Technology, Inc.	15.5
3	NAVCOM Systems, Inc. (3)	6.8
4	Information Tech Solutions	5.3
5	Teleconsult, Inc.	4.6
6	NCI Information Systems (9)	3.9
7	Intelligent Decisions	3.9
8	Decision Systems Tech, Inc.	3.4
9	Management Systems Application	3.3
10	Litronic Industries, Inc.	3.0

Source: FPDC, $ Million

Exhibit 24

SSA

Rank	Prime Contractor	1996
1	Dynamic Decisions	12.9
2	SETA Corporation	4.2
3	Diez Management Systems, Inc.	3.3
4	IDP	2.2
5	North American Telecom	1.8
6	ASF Sytems, Inc.	0.9
7	Brown & Company	0.9
8	Signal Communication System	0.3
9	Micro Star Company, Inc.	0.3
10	Computer Information Specialist	0.2

Source: FPDC, $ Million

Exhibit 25

State

Rank	Prime Contractor	1996
1	STG, Inc.	6.5
2	Information Mgmt Consultants (4)	4.2
3	Intelligent Decisions, Inc.	4.1
4	ESATEL Communications, Inc.	3.5
5	Software Tech Group, Inc.	3.0
6	RDR, Inc. (8)	2.1
7	Counter Technology, Inc.	2.0
8	McFadden & Associates	1.9
9	USATREX International (5)	1.8
10	Metrica, Inc.	1.3

Source: FPDC, $ Million

Exhibit 26

Transportation

Rank	Prime Contractor	1996
1	ANSTEC, Inc.	29.6
2	Modern Technology Systems (1)	23.5
3	Advanced Management Tech	23.3
4	LB & M Associates, Inc.	16.2
5	Columbia Services Group	16.0
6	Crown Communications, Inc.	14.3
7	CAMBER Corporation (4)	13.8
8	ISSI, Inc. (9)	11.3
9	Dimensions International, Inc.	10.6
10	System Resources Corporation	10.2

Source: FPDC, $ Million

Exhibit 27

Treasury

Rank	Prime Contractor	1996
1	Uniband, Inc. (9)	21.2
2	Washington Data Systems	7.9
3	Metrica, Inc. (6)	5.3
4	Diez Management Systems, Inc.	5.1
5	Telestar International Corp.	4.9
6	Counter Technology, Inc.	4.5
7	Management Technology, Inc.	4.1
8	Digital Technologies, Inc.	4.0
9	KCM Computer Consulting (10)	3.4
10	Healthcare Communications, Inc.	3.4

Source: FPDC, $ Million

Exhibit 28

VA

Rank	Prime Contractor	1996
1	Criticom, Inc.	1.8
2	Contract Services, Inc. (4)	1.3
3	Arrowhead Technologies, Inc.	1.2
4	United Communications Systems	1.1
5	SETA Corporation	1.0
6	White Oak Telecom, Inc.	0.9
7	Management Technology, Inc.	0.8
8	Walkercom, Inc.	0.7
9	Native American Sales, Inc.	0.4
10	Management Healthcare Products	0.3

Source: FPDC, $ Million

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- Software and Services Vendors
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  - ⇒ Market Forecasts
  - ⇒ Agency Profiles
  - ⇒ Procurement Analysis (PAR)
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CUSTOM PROJECTS

For Vendors - Analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers - Evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

OTHER SERVICES

- Acquisition/partnering searches

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Research Bulletin

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Leading Systems Integrators

Methodology

INPUT analyzed the federal systems integration market for fiscal year 1996. Exhibit 1 lists the product and service codes (PSCs) used to define the systems integration market. The PSC describes the work being performed on a contract. This approach reveals which business areas have received the most contracting activity.

Exhibit 1

Product/Service Codes

❑	5810	Communications Security Equipment
❑	7010	ADP System Configuration
❑	7020	ADP Central Processing Unit-Analog
❑	7021	ADP Central Processing Unit-Digital
❑	7022	ADP Central Processing Unit-Hybrid
❑	7025	ADP Input/Output & Storage Devices
❑	7030	ADP Software
❑	7035	ADP Support Equipment
❑	7042	Mini & Micro Computer Devices
❑	7045	ADP Supplies
❑	7050	ADP Components
❑	7435	Office Information System Equipment
❑	D301	ADP Facility Management
❑	D302	ADP Systems Development Services
❑	D303	ADP Services/Data Entry
❑	D304	ADP Services/Telecomm
❑	D305	ADP Teleprocessing
❑	D306	ADP Systems Analysis Services
❑	D307	Automated Info System Services
❑	D308	ADP Programming Services
❑	D310	ADP Backup & Security Services
❑	D311	ADP Data Conversion Services
❑	D316	Telecom Network Management Svcs
❑	D399	Other ADP and Telecom Services
❑	H158	Quality Control Sv/Communication
❑	H170	Quality Control Sv/ADP Equipment
❑	J058	Maintenance/Repair Communication
❑	J070	Maintenance/Repair ADP Equipment
❑	N058	Installation of Communication Equip
❑	N070	Installation of ADP Equipment
❑	R414	Systems Engineering Services
❑	R423	Prof Services/Intelligence
❑	R426	Prof Services/Communications
❑	R499	Other Professional Services

Source: INPUT

Exhibit 2 represents the top 20 vendors/integrators across all executive agencies. The top 20 agencies are ranked by expenditures in Exhibit 3. The remaining exhibits show the top 10 vendors/integrators by agency. INPUT used total dollars reported for each corporation. All dollar values are rounded to the nearest million.

Definition of Systems Integration

Systems integration is a business offering that provides a complete solution to an information system, networking or automation requirements through the custom selection and implementation of a variety of information system products and services. A systems integrator is responsible for the overall management of a systems integration contract and is the single point of contact and has the responsibility for the delivery of the specified system function on schedule and at the contracted price.

To be included in the information services market, systems integration projects must involve some application processing component. In addition, the majority of cost must be associated with information systems products and/or services.

The systems integrator will perform or manage others who perform, most or all of the following functions:

1. Program management, including subcontractor management
2. Needs analysis
3. Specification development
4. Conceptual and detailed systems design and architecture
5. System component selection, modification, integration and customization
6. Custom hardware and software design and development
7. Systems implementation, including testing, conversion and post-implementation evaluation and tuning
8. Life cycle support, including:
   a) System documentation and user training
   b) Systems operations during development
   c) Systems maintenance
   d) Financing.

Federal Procurement Data System (FPDS) Reporting

The FPDS is the responsibility of the Office of Procurement Policy (OFPP). The Federal Acquisition Regulation (FAR) requires procurements exceeding $25,000 be reported to the Federal Procurement Data Center (FPDC) — which is maintained by GSA. The agencies report procurement data, including the contract obligation amount — the amount the federal government has agreed to pay for a specified product or service. This does not necessarily indicate the amount of money spent, or the potential value of a contract.

INPUT recognizes, as the GAO has pointed out, the inadequacies of the FPDC data, but believes the data can serve as a useful gauge of vendor presence in the federal systems integration marketplace.

Exhibit 2

Top Federal Integrators

Rank	Contractor	1996
1	Lockheed Martin	936
2	GTSI	880
3	Computer Sciences Corporation	754
4	AT&T Corporation	710
5	Unisys Corporation	707
6	Boeing Company	449
7	Electronic Data Systems	431
8	IBM Corporation	344
9	GTE Corporation	330
10	SAIC	328
11	Litton/PRC	325
12	TRW	264
13	Logicon	253
14	Hughes Aircraft Company	249
15	Northrop Grumman	221
16	Raytheon/E-Systems	208
17	Galaxy Scientific Corporation	200
18	Computer Data Systems Inc.	178
19	Dyncorp	170
20	MCI Communications	128

Source: FPDC, $ Million

Exhibit 3

Top Agency Expenditures

Rank	Agency	1996
1	Army	2,936
2	Air Force	2,577
3	Navy	2,173
4	Defense	2.012
5	GSA	1,790
6	Transportation	990
7	NASA	788
8	Treasury	766
9	Justice	677
10	Energy	442
11	Commerce	365
12	Health & Human Services	439
13	Social Security Administration	303
14	State	295
15	Agriculture	248
16	Education	239
17	Environmental Protection Agency	187
18	Veterans Affairs	172
19	Housing & Urban Development	133
20	Interior	128

Source: FPDC, $ Million

Exhibit 4

Air Force

Rank	Contractor	1996
1	Lockheed Martin	286
2	Boeing Company	198
3	GTE Corporation	157
4	TRW	110
5	Rockwell International	68
6	Computer Sciences Corporation	61
7	Zenith Data Systems	48
8	Northrop Grumman	45
9	Unisys Corporation	44
10	AT & T Corporation	44

Source: FPDC, $ Million

Exhibit 5

Army

Rank	Contractor	1996
1	Computer Sciences Corporation	186
2	Electronic Data Systems	179
3	SAIC	162
4	Lockheed Martin	139
5	GTE Corporation	133
6	Litton/PRC	114
7	Boeing Company	111
8	Sysorex Information Systems	74
9	Nichols Research Corporation	72
10	Raytheon/E-Systems	59

Source: FPDC, $ Million

Exhibit 6

Defense

Rank	Contractor	1996
1	AT & T Corporation	544
2	MCI Communications	121
3	Computer Sciences Corporation	92
4	Electronic Data Systems	85
5	BDM	74
6	Unisys Corporation	53
7	Litton/PRC	49
8	Lockeed Martin	47
9	Control Data Systems, Inc.	40
10	Boeing Company	36

Source: FPDC, $ Million

Exhibit 7

Navy

Rank	Contractor	1996
1	Galaxy Scientific Corporation	195
2	Logicon	179
3	Unisys Corporation	109
4	Hughes Aircraft Company	83
5	McDonnell Douglas	72
6	Intergraph Corporation	61
7	DTK Computer, Inc.	59
8	Hewlett Packard	53
9	Boeing Company	45
10	Electronic Data Systems	44

Source: FPDC, $ Million

Exhibit 8

Agriculture

Rank	Contractor	1996
1	IBM Corporation	90
2	Micro Star	22
3	Nyma Corporation	15
4	Government Micro Resources	10
5	Kajax Engineering	8
6	Unisys Corporation	6
7	Electronic Data Systems	6
8	Bay State Computers	6
9	GE Capital Federal Systems (Bohdan Associates)	5
10	Alta Systems	4

Source: FPDC, $ Million

Exhibit 9

Commerce

Rank	Contractor	1996
1	Cray Research, Inc.	50
2	Litton/PRC	41
3	GTSI	28
4	Hughes Data Systems	15
5	Integral Systems, Inc.	9
6	Andersen Consulting	8
7	Research & Data Systems Corp.	7
8	Computer Sciences Corporation	7
9	Sylvest Management Systems	6
10	SAIC	6

Source: FPDC, $ Million

Exhibit 10

Education

Rank	Contractor	1996
1	Computer Data Systems, Inc.	69
2	Raytheon/E-Systems	47
3	National Computer Systems	38
4	Electronic Data Systems	17
5	American College Testing	14
6	BTG, Inc. (Concept Automation)	11
7	Wang (I-Net)	10
8	Computer Business Methods	5
9	Pinkerton Computer Consultants	4
10	Lockheed Martin	3

Source: FPDC, $ Million

Exhibit 11

Energy

Rank	Contractor	1996
1	Dyncorp	82
2	Unisys Corporation	24
3	Computer Sciences Corporation	22
4	SAIC	21
5	Computer Data Systems, Inc.	19
6	Columbia Services Group	17
7	Paragon Tech Services	17
8	NSR Information	13
9	York Telecom	13
10	General Atomics	9

Source: FPDC, $ Million

Exhibit 12

EPA

Rank	Contractor	1996
1	Lockheed Martin	45
2	SAIC	31
3	ICF Corporation	23
4	Network Management, Inc.	9
5	OAO Corporation	8
6	Litton/PRC	5
7	AT Kearney, Inc.	5
8	Booz-Allen & Hamilton	5
9	Computer Based Systems, Inc.	5
10	CAI Instruments, Inc.	4

Source: FPDC, $ Million

Exhibit 13

FEMA

Rank	Contractor	1996
1	Computer Sciences Corporation	19
2	Bell Atlantic	13
3	Alltech, Inc.	7
4	National Consulting Service, Inc.	6
5	Teleconsult, Inc.	2
6	Ameridata	2
7	Jorge Scientific Corporation	2
8	ARTEL, Inc.	1
9	ITA Corporation	1
10	Digital Systems Group, Inc.	1

Source: FPDC, $ Million

Exhibit 14

GSA

Rank	Contractor	1996
1	GTSI	735
2	World Wide Technology	99
3	Planning Technologies, Inc.	85
4	Computer Data Systems, Inc.	67
5	Gateway 2000	49
6	Ogden Corporation	40
7	D.C. Information Systems, Inc.	38
8	Applied Technology Associates	33
9	BTG, Inc.	32
10	Northern NEF, Inc.	31

Source: FPDC, $ Million

Exhibit 15

HHS

Rank	Contractor	1996
1	IBM Corporation	74
2	R.O.W. Sciences	23
3	Booz-Allen & Hamilton	12
4	SRA International	12
5	SAIC	9
6	Data Management Services, Inc.	8
7	Data Computer Corp. of America	6
8	Capital Technology Information	6
9	Ameridata	6
10	GTSI	6

Source: FPDC, $ Million

Exhibit 16

HUD

Rank	Contractor	1996
1	Lockheed Martin	82
2	Advanced Technology Systems	19
3	American Management Systems	4
4	Nyma Corporation	3
5	Computer Sciences Corporation	2
6	ABT Associates	2
7	Unisys Corporation	2
8	National Computer Systems	1
9	KCM Computer Consulting, Inc.	1
10	Orkand Corporation	1

Source: FPDC, $ Million

Exhibit 17

Interior

Rank	Contractor	1996
1	Computer Sciences Corporation	41
2	TRW	12
3	Data General Corporation	8
4	American Management System	3
5	IBM Corporation	3
6	Computervision Corporation	2
7	Pulsar Data Systems	2
8	Win Laboratories	2
9	Computer Based Systems, Inc.	2
10	Management Technology, Inc.	2

Source: FPDC, $ Million

Exhibit 18

Justice

Rank	Contractor	1996
1	Lockheed Martin	62
2	Harris Corporation	46
3	Telos Corporation	43
4	ITC/CAI Joint Venture	35
5	Justice Technology Partners	35
6	ASPEN Systems Corporation	24
7	Labat-Anderson, Inc.	23
8	General Analytics Corporation	17
9	TISOFT, Inc.	16
10	CACI	16

Source: FPDC, $ Million

Exhibit 19

Labor

Rank	Contractor	1996
1	Computer Sciences Corporation	8
2	User Technology Associates	7
3	Government Micro Resources	6
4	Management Systems Designers	6
5	Win Laboratories	6
6	Orkand Corporation	5
7	Sungard Data Systems, Inc.	4
8	Ellsworth Associates	3
9	United Communications Systems	3
10	Viatech Systems	3

Source: FPDC, $ Million

Exhibit 20

NASA

Rank	Contractor	1996
1	Computer Sciences Corporation	188
2	Lockheed Martin	132
3	Northrop Grumman	58
4	Sterling Software	55
5	Boeing Company	54
6	Government Micro Resources	31
7	Cray Research	29
8	Silicon Graphics	26
9	General Technology, Inc.	17
10	RMS Technologies, Inc.	17

Source: FPDC, $ Million

Exhibit 21

State

Rank	Contractor	1996
1	Wang	23
2	Orkand Corporation	14
3	AT & T Corporation	14
4	Federal Data Corporation	8
5	Computer Sciences Corporation	8
6	TRW	7
7	STG, Inc.	6
8	Statistica, Inc.	6
9	Information Mgmt Consultants	5
10	Intelligent Decisions	4

Source: FPDC, $ Million

Exhibit 22

Transportation

Rank	Contractor	1996
1	Unisys Corporation	180
2	Hughes Aircraft Company	104
3	Mitre Corporation	60
4	IBM Corporation	51
5	Raytheon/E-Systems	45
6	TRW	33
7	Electronic Data Systems	33
8	Anstec, Inc.	30
9	Modern Technology Systems	23
10	Computer Sciences Corporation	22

Source: FPDC, $ Million

Exhibit 23

Treasury

Rank	Contractor	1996
1	TRW	73
2	AT & T Corporation	67
3	IBM Corporation	64
4	Lockheed Martin	52
5	Computer Sciences Corporation	49
6	Unisys Corporation	48
7	Northrop Grumman	36
8	Eastern Computers	30
9	Uniband, Inc.	21
10	BTG, Inc. (Concept Automation)	19

Source: FPDC, $ Million

Exhibit 24

Veteran Affairs

Rank	Contractor	1996
1	Federal Data Corporation	34
2	Digital Equipment Corporation	32
3	Lockheed Martin	18
4	Gateway 2000	11
5	Oracle Corporation	8
6	Wang	8
7	Dell Computer Corporation	6
8	GTSI	3
9	ACMA Computer, Inc.	2
10	Keydata International	2

Source: FPDC, $ Million

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Research Bulletin

A Publication from INPUT's Federal IT Market Analysis Program

Vol. VI No. 10 October 1997

Three Scenarios for the Intranet-Enabled IT Industry, 2002

Introduction

Intranet computing comprises several elements, some distinct, some interdependent. These elements include Network Computers (NCs), Java, Internet and Extranet connectivity, security and object technology, all underpinned by the direction taken by the major vendors involved.

INPUT believes that two forces within the IT industry above all others will play a pivotal role in defining the shape of Intranet computing over the next five years (1997 to 2002). Those forces are the Java Virtual Machine (JVM) and Microsoft Corp.

The success or failure of the JVM and Microsoft in achieving their goals will determine the direction and shape of the above Intranet computing elements. Exhibit 1 shows the major elements of an Intranet environment; thickly outlined elements are those most directly impacted by future changes.

The future of Java and the JVM will fall into one of these three scenarios:

1. Java fulfills the open systems promise
2. Java fragments through conflict of interests
3. Java fails to deliver

This Research Bulletin analyzes each of these scenarios and predicts which is most likely to occur by 2002.

Assumptions

This Research Bulletin makes two assumptions about computing between 1997 and 2002:

1. *Network computing will continue to pervade*—mainstream network-centric computing has gathered considerable momentum during the 1990s. This momentum is being driven not by creating demand but by feeding it. The potential benefits of network computing are too great to make a reversal of this trend likely.

2. *Internet/Intranet data access and presentation will remain open*—Internet and Web infrastructure (TCP/IP, HTTP,

HTML, etc.) is inherently 'open' and platform-neutral. Attempts will be made to control higher-level services, but the underlying transport layer of the Internet will remain open.

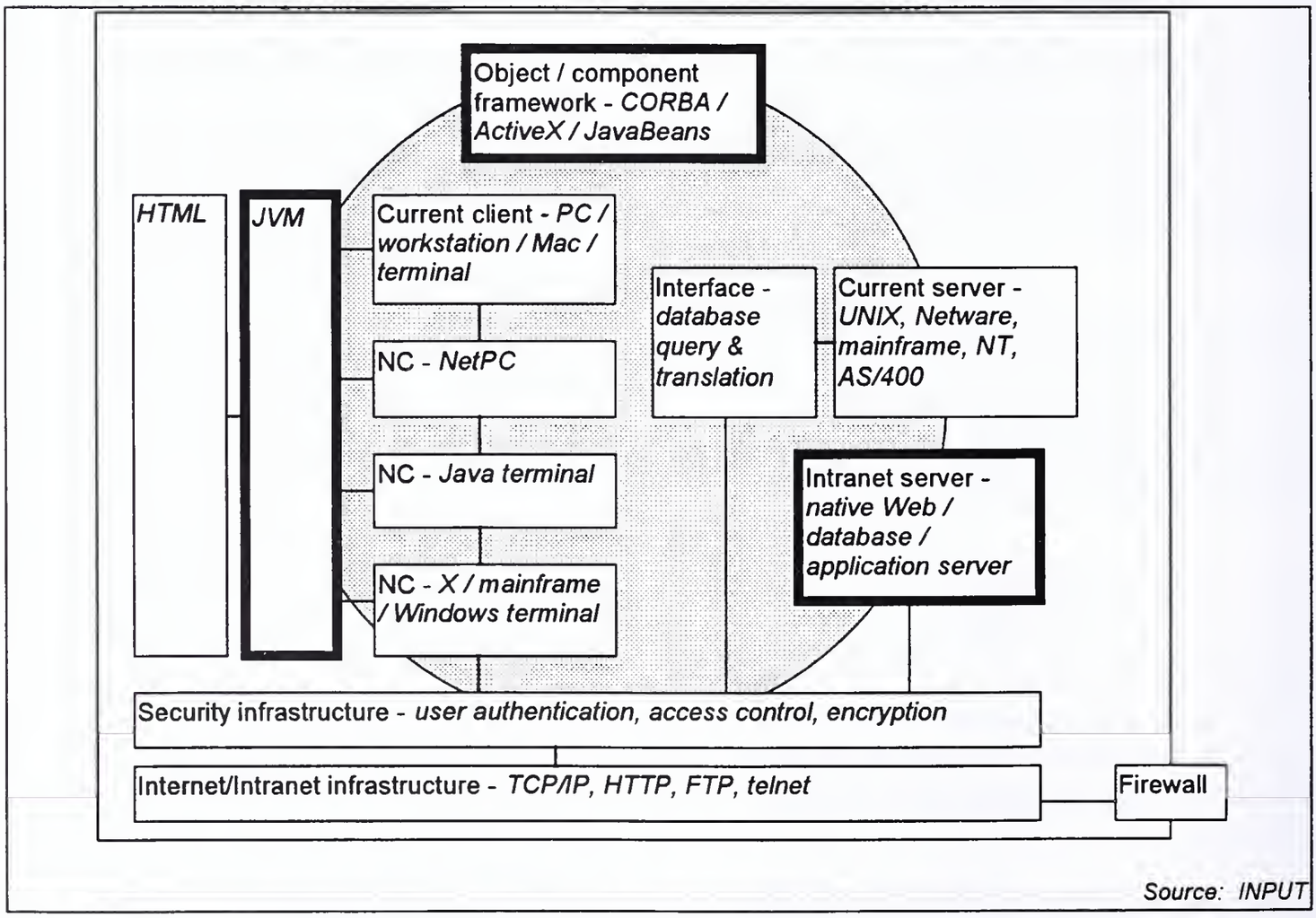
Scenario 1—Java Fulfills the Open Systems Promise

In this scenario, the popularity of Java applets and applications leads to the widespread deployment of the JVM as the default application environment on all platforms.

All new client and server platforms (including specialized Internet appliances and embedded devices) would be delivered with the JVM. To software developers and users, the underlying hardware and operating system of a platform would become largely irrelevant. Platform-specific native compilation would be restricted to specific, rare instances, for example where performance is critical and portability is unimportant.

Exhibit 1

Major Elements of an Intranet Environment



Source: INPUT

Most importantly, applications would be decoupled from the underlying operating system and hardware platform, leading to several compelling reasons for Java's success:

- Client JVM deployment is driven by ease of access to all software regardless of origin
- Server JVM deployment is driven by the need to integrate legacy servers into the Intranet environment and to achieve portability at the server level
- Software developers adopt Java to reduce development and support costs and to maximize their potential market

For Java and JVM to fulfill the promise of open systems ("write once, run anywhere"), they must remain standardized. This will be achieved by Sun passing control to an independent standards organization such as ISO (although Sun failed in its mid-1997 bid to grant Java ISO compliance, it may succeed in a subsequent attempt.)

NCs would achieve widespread adoption throughout the enterprise—if the link between application and hardware/operating system breaks, operating system and hardware platforms can be chosen according to fitness for purpose. NCs would begin to replace PCs currently used for data entry and routine tasks, and would replace most mainframe and X terminals by 2002.

The impact on the IT services industry would be considerable. Application implementation services would consolidate around the JVM, leading to greater commoditization of such services. This is in addition to the commoditization of the network implementation services market, which is already consolidating around TCP/IP and Intranets.

Microsoft stands to lose heavily from this scenario, as it loses the dependence of application on operating system that fueled its growth in the 1990s. No other major software vendor currently relies so heavily on this dependence, and Microsoft would lose market share of the desktop.

Scenario 2—Java Fragments Through Conflict of Interests

In this scenario, Java and the JVM achieve widespread deployment, but attempts to bind all JVM implementations together through a single, unified standard fail.

This scenario would lead to a replaying of the UNIX 'wars' witnessed through the late 1980s and 1990s. Systems vendors would gradually tie their Java implementations to their hardware architecture in the same way as most current UNIX implementations are effectively tied to a hardware platform. Like UNIX today, Java would be promoted as an 'open' environment, but in reality would become a set of fragment, proprietary implementations of an 'open' system.

NCs would take the place of low-end workstations, but would be sourced in most cases from the same vendor that supplied the back-end server and current workstations. For example, Sun JavaStations' biggest market would be in existing Sun sites. NCs would continue to replace mainframe and X terminals, as they began to do in 1996.

Fragmentation would occur throughout the emerging Intranet environment, with vendor- and platform-specific implementations from the JVM upwards,

caused by suppliers' contrary desires to standardize and yet retain installed base. A common object model would emerge either slowly or not at all. ActiveX and CORBA would remain incompatible, although gateway software to facilitate communication between the two environments would form a significant proportion of the middleware market.

The impact on the IT services industry would not be great. Services providers would be affected more by the underlying trends of network computing and Intranets than by any fundamental architectural change that a fragmentation scenario would produce. Implementation skills would shift to the Java and JVM level, but delineation by vendor's architecture, as is the case today, would continue.

Scenario 3—Java Fails to Deliver

In this scenario, Java and the JVM do not achieve widespread success due to escalation of problems experienced today, including: slow performance, irresolvable security issues, and inflexibility caused by lack of access to local client resources.

In an extension to Scenario 2 above (Java fragments), the fragmentation and incompatibility between different vendor implementations of Java could be so great that users do not perceive sufficient benefit in moving to a Java environment.

This scenario is the same as that which would occur had Java not been created; a return to the computing environment circa 1995.

Code compilation would remain native (specific to the hardware and operating system), and applications would remain tied to the underlying platform. Those are the conditions under which Microsoft experienced rapid growth during the 1990s, and the company would continue such growth in this scenario, driven by its expansion into the content provision market.

Windows NT would continue to push UNIX out of the midrange server market, driven not only by the integration provided with an increasing proportion of Windows desktops but by its low cost and ease of use.

Software providers' development cycles would endure—developers would be required to target platforms individually, and would therefore target the largest market: Windows on the client and server.

NCs would find a market as replacements for X and mainframe terminals and as handheld devices, but their success in the corporate market would end there. For NCs to be adopted throughout the enterprise, Java must succeed.

This scenario is the most likely to force the breakup of Microsoft by the US Department of Justice (DOJ), as out of the three scenarios, it provides the company with the highest growth environment and least competition.

While it is the best scenario for Microsoft (notwithstanding a forced breakup on antitrust grounds), it is the worst for Sun. Like other UNIX server vendors, Sun would continually lose market share to Microsoft and would face considerable pressure from 1999 with the introduction of the joint Intel/HP architecture, Merced. With the exception of IBM, all of Sun's peers have already adopted an NT strategy—Digital and HP, for example, will see some of their most rapid growth in the NT market.

If Java fails in the market over the next few years, Sun will be forced to adopt NT if it is to remain in mainstream computing.

The impact on the services industry in this scenario would be minimal. Following the shift in the market, services providers would increase their NT business and de-emphasize UNIX and other platforms. By 2002, NT will account for most service revenues if Java fails and is not followed by a successful open alternative.

Conclusion

The Java industry, lead by Sun, Oracle and IBM, is investing heavily in the Java language and JVM platform, with the aim of creating the next stage of application environment following the success of PCs and MS Windows.

This investment is being made to reclaim some of the platform market won by Microsoft over the past five years, to protect their technology investment from their installed base migrating to alternative platforms, and to give new life to their existing platforms.

However, Java is not the only way to accomplish those goals; it is merely the latest attempt to achieve them through industry cooperation, as was UNIX before it.

In addition, Java threatens many of its own proponents, by bringing to an end single-vendor environments and 'lock-in'. As it is controlled by those that it threatens, as well as benefits, the Java/JVM model will not be allowed to succeed fully.

INPUT believes that the Java/JVM model will fragment as a consequence of conflicting interests among its major proponents. Like UNIX, a core compatibility between different implementations will remain, but fragmentation will occur at the 'value-added' level. Exhibit 2 describes the likelihood of each scenario occurring over the coming years.

Exhibit 2

Likelihood of Scenarios Occurring, 1997-2002

Scenario	Likelihood	Reason
#1 - open platform	Low-medium (25%)	User demand and vendors' Java investments
#2 - Java fragments	High (65%)	Platform vendors' need to retain installed base and market share, combined with platform vendors' ability to direct Java technology and products
#3 - Java fails	Low (10%)	Potential benefits for users and developers are sufficient to continue investment in Java

Source: INPUT

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Research Bulletin

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Vol. VI No. 11 November 1997

Public/Private Competition
A Different Look at Outsourcing

Background

Out of the atmosphere of change fostered by several years of procurement reform has evolved a controversial procurement concept in which government agencies compete with private companies for federal IT contracts. A prime example of this practice is the $250 million Integrated Computing Environment-Mainframe and Networking (ICE-MAN) outsourcing contract awarded by the Federal Aviation Administration to the Agriculture Department's Kansas City, MO data center.

Outsourcing, the transfer of in-house support functions to outside providers, is a popular movement. Historically, the providers have been from the private sector. The privatization of routine noncore activities such as data processing, personnel and payroll systems has been encouraged by previous administrations as a way to downsize, save money and focus on mission requirements.

The phenomenon of a government agency bidding against private companies and stepping outside its critical mission area to operate another agency's data center is viewed by some as an unforeseen and undesirable outcome of recent procurement reforms. In effect, this new source of competition is not the direction private companies hoped the federal outsourcing market would take.

The concept of agencies marketing their services to other agencies has grown and expanded in recent years. The franchise fund program is a conscious effort by the government to allow federal agencies to provide services to other agencies on a fee basis. The Government Management Reform Act of 1994 authorized agencies, on a pilot basis, to provide certain common administrative support services on a reimbursable basis both internally and to other federal agencies. The goal of the franchise fund is to lower the cost and increase the efficiency of government operations by letting agencies use their strongest services and outsource other areas. Franchise fund pilot programs are established in six agencies; Department of Commerce, Department of Health and Human Services, Department of Interior, Department of Treasury, Department of Veterans Affairs and the Environmental Protection Agency.

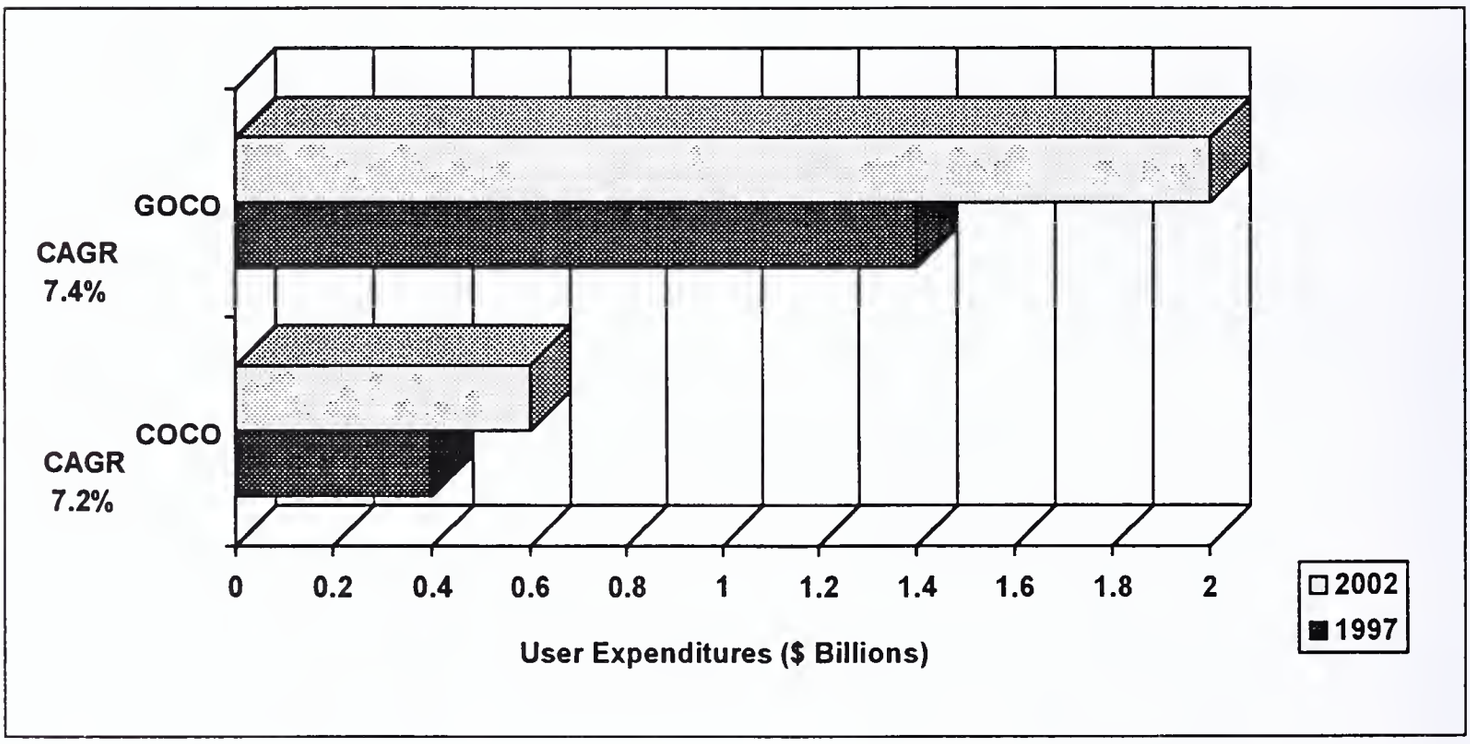
Outsourcing Market

The ICE-MAN contract and others like it fall into a category of the federal IT market known as "outsourcing" which, in essence, is the use of non in-house resources to meet particular needs. The forecast in this market has been separated from the professional and processing services markets. The two modes are Contractor-Owned, Contractor-Operated (COCO) and Government-Owned, Contractor Operated (GOCO).

As noted in Exhibit I, the federal systems operations expenditures are $1.8 billion in FY 1997, the same as in FYs 1992 through 1994, but are expected to grow slightly (CAGR of 8.4%) to $2.6 billion in FY 2002. The growth rate has increased slightly since the FY 1994 forecast but is not expected again to reach the 15% level predicted in 1989, unless applications are outsourced at greater levels than currently identified by agencies. This outsourcing would have to be accompanied by a significant increase in overall IT spending levels.

Exhibit I

Outsourcing Market



Source: INPUT, OMB

Systems operations began to grow again in FY 1990, after experiencing CAGRs of 6%–8% since the cutbacks of FY 1983, when a number of new systems were implemented. The turnaround began with staffing restrictions and slowdown of new system acquisitions imposed by the Gramm-Rudman-Hollings Budget Control Act and a slowdown in Defense spending.

The professional services segment (GOCO) is currently expected to improve at 7.4% CAGR, despite expectations of data processing center consolidations in Defense and in other civilian agencies. The dislocation of federal staffs is not expected to adversely affect the laboratories and experimental centers where the largest GOCO contracts are awarded.

COCO opportunities are fewer in number and contract value (about a third of the GOCO market). INPUT is optimistically showing a CAGR of 7.2% because the agencies cannot fund adequate disaster recovery facilities. A number of agencies are examining outsourcing of most data centers as a way of increasing productivity at a stable and predictable cost level.

Selecting a Vendor

It is not new for agencies to have cross-service agreements in data processing and computer functions and the USDA has been especially active in this area. The FAA claims to have carefully considered letting agencies compete against vendors and to have conducted a thorough procurement process for ICE-MAN. They were satisfied that USDA's past performance and technical ability was equal to private vendors who were bidding and the USDA was selected on the basis of price.

When private vendors complained that the award was unfair due to USDA's lower

overhead costs, the FAA and OMB reviewed the award using OMB Circular A-76 as a guide. Circular A-76 is the policy document which advises agencies whether a job can be completed less expensively by using an outside contract. The ICE-MAN contract passed review by the OMB and is being implemented.

Unfair Competition?

The issue of unfair competition is raised by those who feel that outsourcing bids issued by government agencies do not reflect the true costs involved and that there is no formula or standard in place for a fair accounting of agency costs. An example is government agencies not being required to factor tax costs into their bids. Private firms must strictly account for overhead costs such as employees, facilities and equipment. These expenses are less easy to identify in a government agency. In theory, the taxpayers may be subsidizing an agency to outbid a vendor.

Questions have also been raised concerning the ability of agencies to effectively judge past performance of other agencies. Private companies are uneasy about competing against their customers and worry that agencies will have proprietary cost and pricing data from the bid submissions of companies.

Another area of uncertainty is failure to perform. Are government agencies subject to the same contractual terms and conditions as private contractors? If penalties are assessed or if the contractor is terminated, are the costs passed on to the taxpayers?

A final consideration is the magnitude of the ICE-MAN procurement, raising questions about USDA's ability to meet the expected performance criteria.

The Argument for Private Competition

The main arguments for outsourcing to private industry are:

- Industry suppliers are more likely to have the latest technology since they are in the competitive arena and their technology will be more promptly updated.
- Government agencies usually lag behind in technology and could leap ahead by using private sector expertise. Agency staffs should be concentrating on the mission of the agency.
- Cost savings will result. Agencies can rid themselves of facilities and avoid investing in new facilities of their own. An outside contractor must operate more efficiently to survive in the competitive environment.

- Free from the distractions of routine management operations, a government agency is better able to plan ahead and focus on its core mission area of responsibility.

Those who interpret outsourcing to mean outsourcing to private industry are obviously disturbed by ICE-MAN and regard it as a contradiction to the outsourcing movement and philosophy.

Defending the ICE-MAN

Supporters of competition involving federal agencies argue that their main interest is finding the best value and performance for taxpayers regardless of who performs the work. Other main points are:

- The whole thrust of government reinvention and procurement reform has been to encourage government agencies to adopt modern business methods, cut costs and become more efficient. Competing for business from other agencies is seen as a natural outcome of this movement.

- Agencies with special expertise and excess capacity should be allowed to compete for business from other agencies.

- The franchise fund program sanctions and encourages agencies to seek contracts from other agencies.

- Protection from excessive agency competition is provided by existing policies and statutes which give appropriate guidance for competitive public offers and properly restrict the federal government's involvement in the private economy.

- Valuable public employees are retained and not displaced to the private sector.

Related Legislation

H.R. 716, "Freedom from Government Competition Act of 1997," introduced in February, addresses outsourcing and would impact public/private competition. This bill requires that the federal government procure from the private sector the goods and services necessary for the operations and management of certain government agencies and for other purposes. H.R. 716 is currently in committee.

H.R. 885, also introduced in February 1997, is a bill to prohibit any Executive Branch agency from entering into any service contract if the services procured under the contract can be performed at a lower cost by employees of the agency. The bill would require federal agencies to conduct cost comparisons using OMB Circular A-76 before awarding any work to outside contractors, even work that is currently contracted, if that work could be performed by federal employees. Clearly aimed at limiting outsourcing to the private sector, this bill would also affect government agencies who seek contracts from other agencies. H.R. 885 is also currently in committee.

Conclusions

It is too early to tell how this interesting development in procurement reform and outsourcing will play out.

The franchise fund program and the ICE-MAN procurement have given momentum to public/private competition for IT business.

Private vendors have reacted with alarm and concern over what they perceive as a threat to their government business opportunities. Especially troublesome is the absence of a "level playing field," in determining the true costs a federal agency incurs to provide services to others.

The Information Technology Association of America (ITAA) has taken a position in opposition to public/private competition. One of their recommendations is that, until a level playing field is established, agencies should limit an offer to either federal agencies or private contractors, but not to both.

A recommendation is that vendors should consider pursuing partnership opportunities with agencies that are seeking business, build relationships and be in position when opportunities arise.

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Electronic Commerce for the New Millennium

The recent procurement reform left many changes in its wake. Perhaps one of the most comprehensive initiatives is the government's push for electronic commerce. In an environment where streamlining and downsizing are two of the most common concepts today, the federal government is searching for ways to employ technology in the hopes of improving the business process and doing "more with less."

Strategic Planning

In July 1997, the Clinton Administration publicized its commitment to adopting a "market oriented" approach - that is, using technology to form a support environment for federal business and commerce processes. The President stated that "If we establish an environment in which electronic commerce can grow and flourish, then every computer can be a window open to every business, large and small, everywhere in the world." At that time, the Buying and Paying Task Force was established by both the President's Management Council (PMC) and the Electronic Processes Initiatives Committee (EPIC). The task force holds the responsibility for developing a high-level strategic plan which merges technology with best practices to facilitate business processes.

The goals of this task force include:

- Providing comprehensive and cohesive direction for EC within the federal government
- Increasing interoperability
- Maintaining a directed approach toward implementation performance measures

In order to accomplish its goals, the task force will benchmark the current state of electronic commerce within the federal government, identify the federal requirements for EC (best practices, implementation barriers, audit standards), determine the applicability of EC for specific applications, develop performance measures and assess past performance in implementing successful EC. The final product will be a strategic plan which will be endorsed and backed by the Administration to be implemented governmentwide.

Components of the strategic plan will include: a plan for expanding commercial-based EC, a set of functional requirements and prototypes for electronic mall purchase cards, agreements with industry for authentication and warranty of internet transactions and changes in laws and policy necessary to facilitate EC.

Proposed Legislation

The proposed National Defense Authorization Act for FY 1998 is designed to authorize appropriations for FY 98 for Department of Defense military activities, construction and Department of Energy defense activities. Specifically, Section 850 deals with the use of electronic commerce in federal procurement. The legislation states that "the head of each executive agency, after consulting with the administrator, shall establish, maintain, and use, to the maximum extent that is practicable and cost-effective, procedures and processes that employ electronic commerce in the conduct and administration of its procurement system."

The legislation calls for the use of electronic commerce, where feasible, without regard to the old FACNET system. It is the choice of the agency whether to use the FACNET system or another means of electronic procurement.

Also, the bill requires all agencies to submit reports to the Administration on progress including:

- A strategic plan for implementation of governmentwide EC capability
- Agency-by-agency implementation summaries, including timelines
- Specific assessments of compliance
- Volume and dollar values of electronic transactions
- Possible future changes

According to the Administration, the bill will provide a "market oriented" approach to conducting federal business.

Definition

Electronic commerce is defined as the exchange of business information with the assistance of technologies, including the Internet. electronic data interchange (EDI), electronic mail (e-mail) and electronic funds transfer (EFT). Where possible, electronic funds transfer is being implemented throughout government as a result of new statutory requirements.

Although other justifications exist for increased migration to electronic commerce, the most frequently cited reason the government gave was an end to the paperless environment. EC can expedite all facets of the contracting business and can move procurement transactions from traditional paper-based systems to electronic processing.

Market Forecast

Electronic commerce/electronic data interchange (EC/EDI) continues to get good press for its potential in improving government services. Growth in the federal market lags behind that in the private sector.

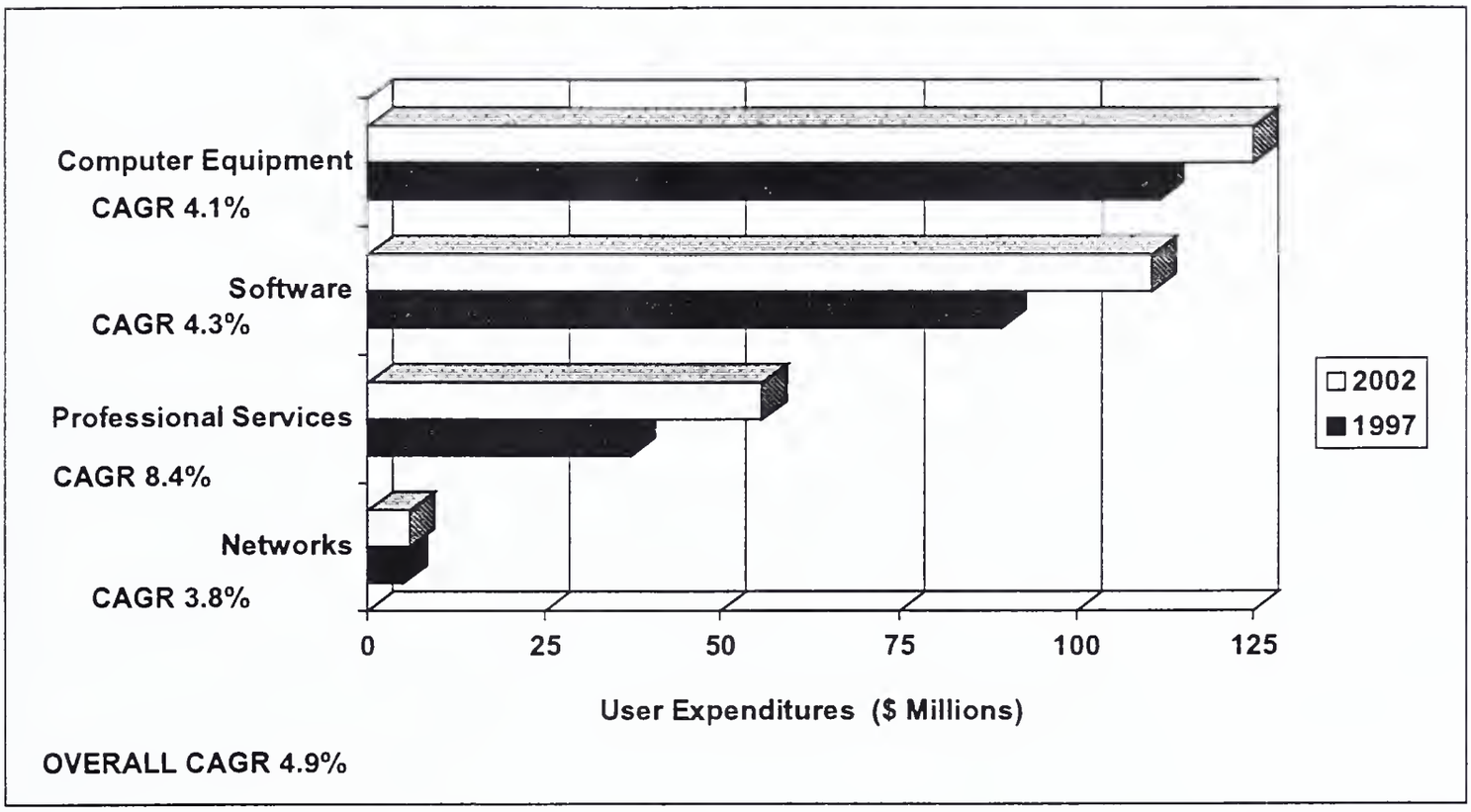
EC includes several modes: procurement (EDI), computer-aided logistics support (CALS), finance (EFT), benefits (EBT), drawings (EDT), filing (EF) and other data. INPUT expects the federal EC/EDI market to grow from $243 million in FY 1997 to $309 million in FY 2002, as shown in Exhibit II.

Currently, as in most other market segments, growth is occurring primarily in the professional services area. Growth in demand for products, reflecting OMB's expanding emphasis on commercial products at the expense of tailored software development (included under professional services) is moderate. Total product expenditures of $201 million in FY 1997 will grow at a CAGR of 4.2% to almost $247 million in FY 2002.

INPUT expects that, considering the pending legislation and recent initiatives, EC may grow at a much faster rate than currently anticipated. The ability of agencies to conduct their own electronic procurements using their EC method of choice may create a huge demand in the software and professional services segments of the EC market.

Exhibit II

Electronic Commerce/EDI Market



Source: INPUT

A dramatically improving federal computer equipment market will increase outlays from about $112 million in FY 1997 to $136 million in FY 2002 at a CAGR of 4.1%, the same as last year's dollar forecast, and sustained at a higher rate of growth based on anticipated spending increases for the outyears.

Professional services growth from this year's $37 million to $56 million in FY 2002 suggests that planning and implementing EC/EDI is more organizational and less of a technical problem. As in other market segments, professional services growth shows the extent that agencies will contract out support requirements. This segment may be dramatically boosted by the pending reforms.

The continuing surprise in this specialized market is the low level of network expenditures identified. The increase from $4.9 million in FY 1997 to $5.9 million in FY 2002 is hardly more than a ripple in the budget pond. The special services provided for these networks appear to be only preliminary to conversion to a fully equipped service. There is also a growing trend among some network providers to discount their federal offerings heavily.

Unlike most other delivery modes, EC/EDI prospects are actually enhanced by budget cuts. Federal managers can save much of their administrative expense by reducing paperwork. Greater automation of procurement, invoicing, human resources and other administrative functions through EDI will reduce expenses and increase accuracy and efficiency.

The DoD CALS effort continues to lead in EC/EDI development. However, other agencies, including Treasury's Customs Service, apply EC/EDI (EDIFACT) at the international level. Treasury's Financial Management Service has implemented electronic funds transfer technologies to facilitate financial processing for federal agencies. Through pilot programs applied in traditional fixed-price environments, agencies will increase their operating efficiencies with EC/EDI.

Agency Progress

Agency groups are working together to promote EC. GSA and the Treasury Department are working with DoD to expand the use of credit cards in intra-governmental transfers, such as those involved in government-wide acquisition contracts (GWACs). Treasury is leading civilian agencies is some aspects of electronic commerce. The Customs Service EDIFACT standard is used internationally, although it has not been uniformly accepted by other U.S. civilian agencies. NASA is working with other federal agencies and departments to establish an Internet approach to the federal acquisition process. The Federal Acquisition Streamlining Act of 1994 granted NASA a waiver to the CBD posting requirements for midrange acquisitions up to $500,000, based on its ability to provide quicker access to acquisition information than the standard CBD publication process. Federal agencies must withhold the release of solicitations until 15 days after CBD publication of the notice, followed by another 30 to 45 days before solicitations can be closed and proposal evaluations begin.

In terms of the Defense agencies, DoD is taking the lead in a government-wide project called Central Contractor Registration. The goal of this program is to collect data that DoD and other government entities need and would collect only once on individual contractors in an automated fashion. During late 1996, DISA began to implement a more robust EC/EDI infrastructure that will provide 100% accountability, 99.5% throughput rate and an average speed of 58 transactions per minute with a traffic load of 50,000 transactions per day. As a result of these improvements, larger and more complex contracts can be added to the EC/EDI process. For contracts below $100,000, DISA relies on electronic mail, EFT, FACNET and GSA Advantage!. For those greater than $100,000, electronic mail, EFT and FACNET make up the bulk of EC/EDI-related transactions. DISA officials predict that in the future the use of EC/EDI for these high dollar value contracts will increase.

Agencies are moving to all aspects of electronic commerce for all levels of acquisition. Exhibit I shows this distribution. EFT is used extensively for high dollar acquisitions, and it will be used increasingly in the future for low dollar acquisitions. FACNET is used extensively now, but will be used less in the future as agencies lose confidence in its security and as new technology precludes its demand.

Exhibit I

Federal Government Use of Electronic Commerce

	TODAY	FY 2000
Electronic Mail	All Levels	All Levels
Electronic Funds Transfer	>$100,000	All Levels
FACNET	All Levels	Decreased Use
GSA Advantage!	<$100,000	<$100,000

Source: INPUT

FACNET certification had been a major interest to military services in recent years. As the implementation leader in this legislated solution to small purchases, the military had by far the greatest track record of success. However, FACNET does have its critics and there are now attempts by lawmakers to retire the system altogether. Some, including the General Accounting Office, argue that FACNET is only appropriate for some types of contracting and many agencies feel that the system is unreliable due to frequent network interruptions and lost data.

With the growing number of Internet sites for the government, and the difficulty some agencies had in adjusting to FACNET, its future looks grim. In fact, the 1998 Defense authorization bill has a stipulation that eliminates mandatory FACNET usage. Electronic commerce may take place across a different business network. With many government organizations moving toward Internet-based contracting, broad experiences will improve confidence and encourage industry to develop a wider portfolio of solutions. Part of the effort in developing the strategic plan will center around adopting other ways of conducting business now that the FACNET barrier has been removed. Agencies will have the option of conducting their own electronic procurements in the method which they see fit. Once implemented, the plan will require agencies to submit historical data for the previous year which includes the dollar value of all EC transactions. The goal is to track overall government usage of new technology.

In the meantime, the Internet and World-Wide Web support a wider variety of file formats, so it is much easier to provide electronic copies to solicitations with existing word processing tools. Since industry is rapidly becoming accustomed to the Internet and its many useful applications, agencies will increase their confidence. The availability of inexpensive Internet access throughout the country has practically eliminated the "barriers to entry."

The Next Step

The next step for the Administration is to put word into action. One move in the right direction is the recent work done by CommerceNet, a non-profit industry consortium which represents over 500

companies and government organizations around the world. In conjunction with the Information Technology Association of America (ITAA), CommerceNet is assisting agencies in interfacing with businesses to showcase applications and models. These models will give the federal government a good indication of how electronic commerce can be used to accomplish procurement goals. It also provides an opportunity for agencies to interact with the private sector for purposes of idea sharing in the hopes of overcoming technology, organizational and process barriers. Overall, CommerceNet allows agencies to put their theories and plans into a testing framework to evaluate their functionality in real world situations.

The proposed bill and future strategic planning endeavors allow government to have more flexibility in conducting procurements. Technology changes every day and technology becomes obsolete faster than ever before. Cost-effective and simple means to conduct a procurement, namely electronic commerce, will allow agencies to get their ordered products and services in place and functional in time to take advantage of the technology before it becomes outdated. Overall, electronic commerce is destined to improve agency productivity and allow for a smoother flow of the business process.

This Research Bulletin is issued as part of INPUT's Electronic Government Program. If you have questions or comments on this bulletin, please call your local INPUT organization or Brian M. Haney at INPUT, 1921 Gallows Road, Suite 250, Vienna, VA 22182; Tel. (703) 847-6870.